



CogState Limited

ABN 80 090 972 723

Securities Trading Policy

Effective 1 January 2011

Introduction

Ordinary Shares of CogState Limited are listed on the Australian Stock Exchange (ASX). All directors and employees of the Group must act in accordance with the highest professional and ethical standards when buying and selling CogState securities.

The policy has been designed to ensure that all directors and employees know their responsibilities when trading in the company's securities and to promote transparency and market confidence in the operations of CogState. The policy is consistent with the Australian Stock Exchange (ASX) Listing Rules relating to dealing in company securities.

The board considers "Insider trading" to be both illegal and unethical.

Any non conformance with this Policy will be regarded as serious misconduct

Persons to whom this Policy applies

This Policy applies to:

- All Directors of the Group;
- The Chief Executive Officer and the Key Management Personnel; and
- All other employees of the Group

Insider Trading

Insider trading is prohibited under the Corporations Act.

A person engages in insider trading if that person deals in securities of a relevant entity while possessing information that is:

- a) not generally available; and
- b) that information may have a material effect on the price or value of the relevant entity's securities; and
- c) the person knows, or ought reasonably to know, that the information is not generally available and, if it were, it might have a material effect on the price or value of the entity's securities.

Information is considered to be likely to have a material effect on the price or value of securities of a company if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell those securities. This type of information is commonly referred to as "price sensitive information".

The prohibition against insider trading applies to:

- a) direct dealing in CogState's securities;
- b) procuring another person to deal in CogState's securities; or
- c) communicating price sensitive information to another person who is likely to deal in CogState's securities.

Insider trading is a criminal offence, punishable by substantial fines and/or imprisonment. Insider trading may also attract civil liability, including liability to pay compensation to those who suffer loss or damages as a result of the insider trading.

This Policy contains specific restrictions and requirements in relation to dealing in CogState securities by directors and Key Management Personnel. However, please note that the legal prohibition on insider trading extends to **all** Group employees.

Inside information

The following matters are examples of information which may be inside information in relation to CogState:

- A change in forecasts or expectations
- Pending ASX announcements
- Proposed changes in capital structure, including issues of securities
- Acquisitions
- Significant changes in operations and strategy
- Liquidity or cash flow information

Policy for Dealing in Company Securities

Directors and Key Management Personnel, or any of their associates, must not trade in, or procure trading in, any securities of the Company at any time when they are in possession of inside information in relation to those securities.

Additionally, Key Management Personnel and Directors must not trade in the Company's securities during a closed period. The following periods are designated as closed periods for the purposes of this Policy:

- the period commencing two weeks before each half yearly and annual balance date and ending at 10am on the business day after release of CogState's half yearly and annual results; and
- If a quarterly report is required to be released, the period commencing two weeks before each quarterly balance date ending and at 10am on the business day after the release of CogState's quarterly results.

Also, additional closed periods when the Company's Key Management Personnel are prohibited from trading can be imposed by the Board from time to time, if considered appropriate by the Board.

All other employees may trade at any time provided they are not in possession of inside information.

The fixed closed periods, during which directors and Key Management Personnel must not trade in company securities, will be reviewed by the Board of Directors as part of the annual review process of this Policy.

Directors and Key Management Personnel must seek prior written clearance before trading in CogState securities outside of a closed period. Written requests for trading outside a closed period should be provided to the Company Secretary for consideration, at least two weeks prior to the proposed trade date. Electronic clearance, via email, is considered acceptable. In the case of the Company Secretary, the clearance should be sought from the Chief Executive Officer.

Important - If any directors or Key Management Personnel become aware of any information which may be inside information, they must not deal CogState securities, regardless of any other provision of this policy or any written clearance provided.

Dealings which may occur during a closed period – excluded trading

During a closed period, directors and Key Management Personnel may trade in CogState securities in the circumstances described below, provided that they are not in possession of any inside information.

- Transfers of securities of the Company already held into a superannuation fund or other saving scheme in which the director or Key Management Person is a beneficiary;
- An investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
- Where the director or Key Management Person is a trustee or a director of a corporate trustee, trading in the securities of the Company by that trust provided the director or Key Management Person is not a beneficiary of the trust and any decision to trade during a closed period is taken by the other trustees or by the investment managers independently of the director or Key Management Person;
- Undertakings to accept, or the acceptance of, a takeover offer, or participation in a scheme of arrangement;
- Trading under an offer or invitation made to all or most of CogState's security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and

an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. 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;

- A disposal of securities of the Company that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement;
- The exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme. This exception applies to options or performance rights granted under an employee incentive scheme before 1 January 2011; and
- The exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a closed period and the Company has been in an exceptionally long closed period or the Company has had a number of consecutive closed Periods and the director or Key Management Person could not reasonably have been expected to exercise it at a time when free to do so. This exception applies to options or performance rights granted under an employee incentive scheme on or after 1 January 2011.

Directors and Key Management Personnel must seek prior written clearance before trading in reliance upon one of these exclusions. Written request for trading should be provided to the Company Secretary for consideration, at least two weeks prior to the proposed trade date. Electronic clearance, via email, is considered acceptable. In the case of the Company Secretary, the clearance should be sought from the Chief Executive Officer.

Dealings which may occur during a closed period – exceptional circumstances

A Director or Key Management Person, who is not in possession of inside information in relation to the entity, may be given prior written clearance to sell or otherwise dispose of the securities of the entity during a closed period where the person is in severe financial hardship or there are other exceptional circumstances.

Whether the Director or Key Management Person is in severe financial hardship, or whether other exceptional circumstances apply, will be assessed on a case by case basis. For example, trading may be permitted during a closed period if the person has a pressing financial commitment that cannot reasonably be satisfied otherwise than by selling the relevant securities. Trading may also be permitted where, for example, the person is subject to a requirement to deal in securities by a court order or a court enforceable undertaking (eg. a bona fide family settlement).

Written requests for trading in exceptional circumstances should be provided to the Company Secretary, at least two weeks prior to the proposed trade date for consideration. Electronic clearance via email, is considered acceptable. In the case of the Company Secretary, the clearance should be sought from the Chief Executive Officer. The duration of a written clearance for trading in exceptional circumstances will be specified when the clearance is given, provided that no clearance will be valid for more than 5 business days after the proposed trade date.

Notification of trades

Prompt notification is required from all Directors and Key Management Personnel to the Company Secretary following all trading performed. Electronic notification, via email, is considered acceptable.

Derivatives

Directors and Key Management Personnel must not use, or allow to be used, any derivatives or other products which operate to limit the economic risk of unvested company securities.

Disclosure of Margin Loan arrangements

If a Director or Key Management Person proposes to put in place margin loan arrangements in relation to CogState Securities they must immediately advise the Company Secretary of the details and proposed arrangements. If a demand for payment is made under the margin loan arrangement the person must immediately advise the Company Secretary. The person may only trade their CogState securities in accordance with this policy; subject always to Insider Trading laws. Directors and Key Management Personnel must have regard to the terms of this Policy before entering into any margin loan agreements.

Securities in other companies

The insider trading prohibition in the Corporations Act also applies to dealings in securities of another company if a director or employee possesses “inside information” in relation to that other company.

Directors and employees must not trade in securities of another company whilst in possession of inside information in relation to that company.

Review of this Policy

This Policy is subject to an annual review by the Board and will be amended (as appropriate). If a material change is made to the Policy, the amended Policy will be released to ASX in accordance with the Listing Rules.

Access to this Policy

This Policy will be available for viewing by any director or employee of the Group and by any other person on the Company’s website. The Policy must also be circulated by the Company Secretary to directors and employees as soon as possible after its review each year.

Definitions

In this policy:

“ASX” means Australian Stock Exchange Limited.

“associate” includes a person who the director or employee proposes to act in concert with, either formally or informally including, without limitation, members of the director or employee’s family and entities, such as companies and trusts, controlled by the director or employee.

“dealing” includes:

- a) any application for, acquisition of, or disposal of, any securities;
- b) entering into an agreement to apply for, acquire or dispose of any securities; and

“generally available” in relation to information, means any such information which:

- a) is readily observable;
- b) has been made known in a manner which is likely to bring it to the attention of persons who commonly invest in securities provided that 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 either paragraphs (a) or (b) above.

“Group” means CogState Limited and all wholly owned subsidiaries

“Key Management Personnel” consists of:

- Chief Scientific Officer
- Chief Technical Officer
- Chief Medical Officer
- Head of Operations
- Principal Scientist
- Finance Manager
- General Counsel
- Quality Assurance Manager
- Company Secretary

“securities” includes, without limitation:

- a) ordinary shares;
- b) partly paid shares;
- c) preference shares;
- d) hybrid securities;
- e) debentures;
- f) legal or equitable rights or interests in (a) to (e) above; and
- g) any derivatives including but not limited to options in respect of any of (a) to (e) above.