

Living Cell Technologies Governance Policy							
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Written by	Secretary	Approved	Board	Issued	05 Nov 2008	Number	

1. Purpose

To set out policy and procedure relating to continuous disclosure.

2. Scope

3. Definitions

Aware	an entity becomes aware of information if a director or executive officer has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity.
Executive officer	means a person who is concerned in, or takes part in the management of an entity, regardless of the person's designation and whether or not the person is a director of the entity.
Material effect on price or value	a reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for or buy or sell, the first mentioned securities.
Reasonable person	is not defined in either the Listing Rules or the Corporations Act. It is a subjective concept, which would be interpreted by the Courts in any prosecution.

4. Introduction

Living Cell Technologies' shares are listed on the Australian and OTCQX Exchanges. To maintain the listing on these exchanges, Living Cell Technologies must comply with the requirements of the Listing Rules of each exchange (except where waivers have been granted). In Australia, compliance with the Listing Rules is given the force of law by sections 793C and 1101B of the Corporations Act which can impose onerous civil and criminal penalties on companies and its directors and officers for non-compliance.

Chapter 3 of the Australian Stock Exchange's (ASX) Listing Rules sets out the requirements on a company to continuously disclose what is termed "price-sensitive" information to the market. Future reference in this Policy statement will be to the requirements of the Australian Listing Rules.

Requirements of Chapter 3

Listing Rule 3.1 requires immediate notice of material information as follows:

"General Rule

3.1 *Once an entity is, or becomes, aware of, any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities it must immediately provide ASX with that information.*

Exception to Rule 3.1

3.1A *Listing Rule 3.1 does not apply to particular information while all the following are satisfied:*

3.1A.1 *A reasonable person would not expect the information to be disclosed, and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential, and*

3.1A.3 *One or more of the following applies:*

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- *It would be a breach of a law to disclose the information*
- *The information concerns an incomplete proposal or negotiation*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure*
- *The information is generated for the internal management purposes of the entity*
- *The information is a trade secret*

False Market

3.1B If the ASX considers that there is or is likely to be a false market in an entity's securities, and asks the entity to give it information to correct or prevent a false market, the entity must give the ASX the information needed to correct or prevent the false market."

Chapter 3 of the ASX Listing Rules also requires requisite information to be disclosed in relation to any of the following specific matters an entity may be involved in:

- Entity making a takeover bid
- Company making a buy-back of its securities
- Changes to its capital
- Release of restricted securities
- Options
- Registers
- Offices
- Changes to chairperson, directors, secretary
- Forfeited shares in No Liability companies
- Shareholder meetings
- Documents sent to shareholders
- Additional disclosure if loans are an asset
- Any ownership limits
- Disclosure of directors' interests
- Notice of record date, or change of record date

5. Policy

- 5.1 Living Cell Technologies will comply with the continuous disclosure requirements set out in Chapter 3 of the ASX's Listing Rules.
- 5.2 The Board of Directors, employees and consultants of Living Cell Technologies are required to adhere to the procedures set out in this policy document to ensure compliance with this Listing Rule.
- 5.3 The Board of Directors, employees and consultants of Living Cell Technologies are required to adhere to the procedures set out in this policy document to ensure compliance with this Listing Rule.
- 5.4 Copies of these policies are available to staff on Living Cell Technologies' intranet facility, and are posted on the Company's website.

Procedures

- 6.1 As specified in the Continuous Disclosure Protocol section of Living Cell Technologies' Market Disclosure Policy:
 - (a) Any Director, employee or consultant of Living Cell Technologies Limited and any of its subsidiary

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companies must, immediately on becoming aware of any material information concerning the Company or its subsidiaries they believe may require disclosure should inform the “Disclosure Officer”.

(Information should also be notified even if it appears to fall within the exception category 3.1A of the ASX Listing Rules as a different view may be taken as to whether it is an exception; or the exception may cease to be applicable in which case Living Cell Technologies needs to be in a position to make a prompt disclosure).

- (b) On receipt of this information, the Disclosure Officer must immediately inform the Company’s Market Disclosure Committee.
- (c) The Market Disclosure Committee will review the information to determine whether it must be notified to the respective Exchanges or falls within the exceptions set out in the Listing Rules.
- (d) Where the Committee has determined that disclosure is required, the Disclosure Officer will immediately release the information to the Australian and New Zealand Stock Exchanges in the form agreed by the Committee
- (e) The Disclosure Officer will maintain a “Disclosure File” as specified in the Continuous Disclosure Protocol.
- (f) A copy of all disclosures of material information will be distributed to all Directors and other stakeholders as determined immediately acknowledgment of receipt has been provided to Living Cell Technologies by the Australian and New Zealand Stock Exchanges

6.2 Disclosure Officer

For the purposes of this policy and procedure, the Board has appointed the Group Company Secretary to act as the Disclosure Officer.

6.3 Penalties

- (a) Where the failure to disclose is intentional or reckless, the entity commits a criminal offence for which the penalty is a fine of up to \$200,000.

Directors, officers, other employees and consultants, advisers and the like may also be criminally liable if they aid or abet or are in any way knowingly concerned in the entity’s non-conformance. Penalties range from fines to jail terms.

- (b) ASIC has the capacity to take civil action against an entity which breaches its continuous disclosure obligations. Penalties include a fine of up to \$200,000 and orders to pay compensation to persons for any loss suffered as a result of the non-disclosure.

7. Guidance notes

The ASX has published the following notes to assist in interpreting the continuous disclosure requirements of Chapter 3 of the Listing Rules:

“Confidential” means confidential as a matter of fact. An entity may give information to third parties in the ordinary course of its business activities and continue to satisfy rule 3.1A2 provided the entity retains control over the use and disclosure of the information. Examples include information given to the following:

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- The entity's advisers for the purpose of obtaining advice
- Other service providers such as share registries and printers
- A party with whom the entity is negotiating for the purposes of the negotiation
- A regulatory authority or the ASX in the course of an application or submission

A confidentiality agreement must not prevent an entity from complying with its obligations under the Listing Rules and in particular its obligation to give ASX information for release to the market where required by the Listing Rules.

The ASX has indicated that it would be likely to consider that information has ceased to be confidential if the information, or part of it, becomes known either selectively or generally and whether inadvertently or deliberately.

If information becomes known by others in circumstances where the entity does not retain control of its use and disclosure the exemption in rule 3.1A2 is not satisfied, regardless of whether the entity or a third party disclosed the information.

For instance where there is a rumour circulating or media comment about the information and the rumour or comment is reasonably specific, the ASX has taken the view that this will generally indicate that confidentiality has been lost and the entity will have to make appropriate disclosure to the market.

False Market The obligation to give information under rule 3.1B arises even if the exception under 3.1A applies.

ASX would consider that there is, or is likely to be, a false market in the entity's securities in the following circumstances:

- The entity has information that has not been released to market because it falls under the exemption provided by rule 3.1A **but** there is a reasonably specific rumour or media comment in relation to the entity, that has not been confirmed, clarified, or denied by the entity in an announcement to the market **and** there is evidence that the rumour or comment is having, or ASX forms the view that the rumour or comment is likely to have, an impact on the price of the entity's securities **then** the ASX can compel the entity to make an appropriate disclosure to the market.

Information may include information necessary to prevent or correct a false market occurring in the entity's securities.

The ASX has also issued a 25-page guidance note on Listing rule 3.1 to "assist listed entities to comply with their obligations under the Rule". The guidance note provides listed entities with a practical guide to meeting their disclosure obligations.

8. Examples

In addition to the scenarios contained in the guidance note, the ASX has also included in the Listing Rules the following examples of information which would need to be disclosed under Listing Rule 3.1 if it is material:

- (a) A change in the entity's financial forecast or expectation
- (b) The appointment of a receiver, manager, liquidator or administrator in respect of any loan, trade credit, trade debt borrowing or securities held by it or any of its child entities.
- (c) A transaction for which the consideration payable or receivable is a significant proportion of the written

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down value of the entity's consolidated assets. Normally an amount of 5% or more would be significant, but a smaller amount may be significant in a particular case.

- (d) A change in the control of the responsible entity of a trust.
- (e) A proposed change in the general character or nature of a trust
- (f) A recommendation or declaration of a dividend or distribution.
- (g) A recommendation or declaration that a dividend or distribution will not be declared.
- (h) Under subscriptions or over subscriptions to an issue.
- (i) A copy of a document containing market sensitive information that the entity lodges with an overseas exchange or other regulator which is available to the public. The copy given to the ASX must be in English.
- (j) An agreement or option to acquire an interest in a mining tenement, including the number of tenements, a summary of previous exploration activity and expenditure, where the tenements are situated, the identity of the vendor and the consideration for the tenements.
- (k) Information about the beneficial ownership of shares obtained under Part 6C.2 of the Corporations Act.
- (l) Giving or receiving a notice of intention to make a takeover.
- (m) An agreement between the entity (or a related party or subsidiary) and a director (or a related party of the director).
- (n) A copy of any financial documents that the entity lodges with an overseas stock exchange or other regulator which is available to the public. The copy given to the ASX must be in English.
- (o) A change in accounting policy adopted by the entity.
- (p) Any rating applied by a ratings agency to an entity or securities of an entity and any change to such a rating.
- (q) A proposal to change the entity's auditor.