
CORPORATE GOVERNANCE – SECURITY TRADING POLICY

Purpose

This Security Trading Policy sets out the Company's policy regarding trading in Company securities, which includes shares, options, warrants, debentures, derivatives and any other security on issue from time to time ('Securities'). This policy is separate from and additional to the legal constraints imposed by the common law, the *Corporations Act* and the Australian Securities Exchange ('ASX') Listing Rules.

This policy applies to all Directors and key management personnel, and to their closely connected persons and entities (including spouses, children, family trusts and family companies) and employees of the Company, as well as contractors, consultants, advisers and auditors of the Company ('Designated Persons'). The Directors and key management personnel are responsible for ensuring that their closely connected persons and entities are aware of this Security Trading Policy.

General prohibition on insider trading

It is illegal to trade in the Company's Securities while in possession of unpublished price-sensitive information concerning the Company. Under the *Corporations Act*, a person with inside information must not, and must not procure another person, to deal in the Company's Securities or enter into an agreement to deal in the Company's Securities. Inside information is defined in the *Corporations Act* as information that:

- is not generally available, and
- if generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's Securities.

Unpublished price-sensitive information is information regarding the Company of which the market is unaware and that a reasonable person would expect to have a material effect on the price or value of the Company's securities, and it includes:

- a proposed major acquisition or disposition;
- a significant business development or a proposed change in the nature of the Company's business;
- details of material contracts being negotiated by the Company;
- potential litigation that would have a substantial effect on the Company;
- a proposed change in the share capital structure of the Company, and
- a major change to the Board or key management personnel.

There are penalties under the *Corporations Act* for breach of insider trading provisions.

Restrictions on trading

All parties to which this Security Trading Policy applies are **prohibited** from trading in the Company's securities at any time when they are in possession of any unpublished price-

sensitive information or potentially price-sensitive information. The prohibited trading periods to which this Security Trading Policy applies are periods in which parties are in possession of any unpublished price-sensitive information **and** Listing Rule 3.1A is in operation, and any other period communicated by the Board from time to time ('Prohibited Period').

If any party subject to this Security Trading Policy is in any doubt as to their possession of price-sensitive information or potentially price-sensitive information, they are required to seek permission from the Managing Director of the Company (or, in the case of the Managing Director, the Chairman) prior to trading in the Company's Securities.

Should the application of this Security Trading Policy conflict with the *Corporations Act 2001* in any way, the *Corporations Act 2001* will prevail.

Additional restrictions on short-term trading, short selling, margin lending and hedging transactions on shares

The Company encourages Directors and employees to adopt a long-term attitude to their investment in the Company's Securities. Consequently, Directors and employees **may not** engage in short-term, speculative trading, short selling or hedging transactions of the Company's Securities. Designated Persons must not enter into margin loan agreements in relation to the Company's Securities without first obtaining a permission to trade.

Closed periods – Directors and employees

Directors and employees must also not deal in the Company's Securities during the week immediately before and 48 hours after the following.

- The release of the Company's half yearly or yearly results.
- The release of the Company's quarterly results.
- The Annual General Meeting.

Closed periods – Directors and key management personnel

Directors and key management personnel must also not deal in the Company's Securities during the week immediately before and 48 hours after the following.

- The date of the Board meeting for the approval of the Company's interim or annual results.
- The scheduled date for the Company to publish its annual results announcement.

The Company can also impose an ad-hoc restriction on trading in the Company's Securities.

Permission to trade

Designated Persons may trade in the Company's Securities at other times, so long as they are not in possession of any unpublished price-sensitive information.

The above parties may trade in the Company's Securities in the following circumstances.

- The Chairman approves the trade by a Director upon the Director or the Company Secretary satisfying the Chairman that they do not possess unpublished price-sensitive information about the Company.
- The Chairman approves the trade by an employee upon that employee satisfying the Chairman that they do not possess unpublished price-sensitive information about the Company.
- Trade in a managed securities portfolio where the person is not in a position to influence choices in the portfolio.
- When the trade results from a dividend reinvestment plan where the person has given ongoing instructions to reinvest dividends.

Exceptions

Should any party the subject of this Security Trading Policy wish to trade during a Prohibited Period, they must submit a written request to the Board and satisfy the Board that exceptional circumstances exist in the following cases.

- A failure to trade in the Company's Securities would result in exceptional circumstances such as financial hardship. In the case of financial hardship, the determination of whether a person is in financial hardship is if he/she has a pressing financial commitment that cannot be satisfied other than by selling the Company's Securities. A circumstance may be considered exceptional if the person in question is required by a court order or a court-enforceable undertaking to transfer or sell, or accept a transfer of, the Company's Securities or there is some other overriding legal or regulatory requirement for him/her to do so. The Chairman will then obtain the evidence supporting financial hardship, to determine whether or not the exception can be granted. In the case of the Chairman, the Managing Director will obtain the evidence; the Chair can lift the prohibition as soon as the Chair is satisfied that the Designated Person is deemed to be in financial hardship and that it is assumed that their shares would be sold relatively quickly. There need to be restrictions on access to corporately sensitive information in the Company by the Designated Person during this time.
- Disposal of Securities resulting from the acceptance of a takeover offer, scheme of arrangement or equal access buy-back.
- Disposal of rights acquired under a pro rata issue.
- Acquisition of Securities under a pro rata issue.
- Acquisition of Securities under a security purchase plan or a dividend or distribution reinvestment plan where the key management personnel did not commence or amend their participation in the plan during a prohibited period and the Company's trading policy does not permit the key management personnel to withdraw from the plan during a prohibited period, other than in exceptional circumstances.
- Acquisition of Securities under an employee incentive scheme.

Any request for permission to trade during a Prohibited Period will be assessed by the full Board (or, in the case of the Managing Director, the balance of the Board) on a case-by-case basis.

A Board resolution in response to the applicant's written request to trade within a Prohibited Period is to be executed and kept in the Company's corporate volume and, where granted, written approval is to be provided to the applicant.

Notification of proposed trade in Company Securities

Chairman

Prior to trading in (either buying or selling) Company Securities, the Chairman must notify the Managing Director of his/her intention to trade and confirm that he/she is not in possession of any unpublished price-sensitive information.

Directors

Prior to trading in (either buying or selling) Company Securities, Directors must notify the Chairman of their intention to trade and confirm that they are not in possession of any unpublished price-sensitive information.

Key management personnel and employees

Prior to trading in (either buying or selling) Company Securities, key management personnel and employees must notify the Chairman of their intention to trade and confirm that they are not in possession of any unpublished price-sensitive information.

The requirement to provide notice of an intention to trade in Company Securities does not apply to the acquisition of Securities through director, officer or employee share or option plans. However, the requirement does apply to the trading of Securities once they have been acquired.

Other Designated Persons

This Security Trading Policy does not impose any obligations on other Designated Persons (such as contractors, consultants, advisers and auditors of the Company) over and above the legal constraints imposed by the common law, the *Corporations Act* and the ASX Listing Rules and, accordingly, takes no responsibility for any breaches of those constraints. The Company reserves the right to unilaterally terminate any contract, agreement or arrangement with Designated Persons in the event of a breach of those constraints.

Any written clearance granted under this policy will be valid for the period of five (5) business days from the time that it is given. It is important to note the following.

- Any clearance to trade can be given or refused by the Company in its discretion, without giving any reasons.
- A clearance to trade can be withdrawn if new information comes to light or there is a change in circumstances.
- The Company's decision to refuse clearance is final and binding on the person seeking the clearance.

- If clearance to trade is refused, the person seeking the clearance must keep that information confidential and not disclose it to anyone.

Notification of trade in Company Securities

Directors must also notify the company secretary of any trade in Company Securities as soon as practicable, but not later than five (5) business days after such a trade occurring, so that the company secretary can comply with the ASX Listing Rule 3.19A requirement to notify the ASX of any change in a notifiable interest held by a Director.

Where a Director is granted permission to trade within a prohibited period, the notification to the ASX must state whether the trade was made during a Prohibited Period where prior written approval is required, and the date on which that written approval was provided, prior to the trade occurring.

The company secretary will maintain a register of all trades and holdings in Company Securities (and in the securities of other entities the Company may be in confidential negotiations with) by the Directors.

Review

The Board will formally review this Policy no less than every three (3) years or when certain milestones of the Company are approaching.