

## 7. DEALING IN SECURITIES POLICY

### 1. INTRODUCTION

These guidelines set out the policy on the sale and purchase of securities in the Company by its Directors and employees (“**Restricted Persons**”).

Restricted Persons are encouraged to be long-term holders of the Company’s securities. However, it is important that care is taken in the timing of any purchase or sale of such securities.

The purpose of these guidelines is to assist Restricted Persons to avoid conduct known as ‘insider trading’. In some respects, the Company’s policy extends beyond the strict requirements of the *Corporations Act 2001 (Cth)* and its Regulations (“**Corporations Act**”).

### 2. WHAT TYPES OF TRANSACTIONS ARE COVERED BY THIS POLICY?

This policy applies to both the sale and purchase of any securities of the Company and its subsidiaries on issue from time to time, including any derivatives of the Company’s securities.

### 3. WHAT IS INSIDER TRADING?

#### 3.1 Prohibition

In broad terms, a person will be guilty of insider trading if:

- (a) that person possesses information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of the Company’s securities (ie, information that is ‘price sensitive’);
- (b) and that person:
  - (i) buys or sells securities in the Company; or
  - (ii) procures someone else to buy or sell securities in the Company; or
  - (iii) passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities of the Company.

#### 3.2 Examples

To illustrate the prohibition against insider trading described above, the following are possible examples of price sensitive information which, if made available to the market, may be likely to affect materially the price of the Company’s securities:

- (a) the Company considering a major acquisition or disposal of assets;
- (b) the threat of major litigation against the Company;
- (c) the Company’s sales and profit results materially exceeding (or falling short of) the market’s expectations;

- (d) a material change in debt, liquidity or cash flow;
- (e) a significant new development proposal ie, new product or technology;
- (f) the granting (or loss) or a major contract, for example the granting of a new license agreement or product sale agreement;
- (g) management or business restructuring proposal;
- (h) a share issue proposal.

### **3.3 Dealing by third parties**

A person does not need to be a Restricted Person to be guilty of insider trading in relation to securities in the Company. The prohibition extends to dealings by Restricted Persons through nominees, agents or other associates, such as family members, family trusts and family companies (referred to as “**Associates**” in these guidelines).

Restricted Persons should also be careful that third parties, including professional advisers, are subject to confidentiality with respect to price sensitive information of the Company.

### **3.4 Information however obtained**

It does not matter how or where the person obtains the information – it does not have to be obtained from the Company to constitute price sensitive information.

### **3.5 Employee share schemes**

The prohibition does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme. However, the prohibition does apply to the sale of shares acquired under an employee share scheme and also to the sale of shares acquired following the exercise of an option granted under an employee option scheme.

### **3.6 Penalties for Insider Trading**

The penalties for a breach of the insider trading provisions of the Corporations Act can be criminal, civil or both criminal and civil, and can attract significant penalties including imprisonment..

## **4. GUIDELINES FOR TRADING IN THE COMPANY’S SECURITIES**

### **4.1 Trading Windows**

The time for any Restricted Person to buy or sell Company securities is limited to the 30 day period from the:

- (a) date of the Company’s Annual General Meeting;
- (b) release of the Company’s quarterly results announcement to the Australian Securities Exchange (**ASX**);

- (c) release of the Company's half yearly results announcement to the ASX;
- (d) release of the Company's preliminary final results announcement to the ASX; or
- (e) release of a disclosure document offering securities in the Company.

(collectively "**Trading Windows**")

Dealings with the Company's securities by a Restricted Person outside the Trading Windows are strictly prohibited, except as a result of an exceptional circumstance as described in paragraphs 5.6 to 5.9 of this Policy.

The Company may at its discretion vary this rule in relation to a particular Trading Window by general announcement to all Restricted Persons either before or during the period.

However, if a Restricted Person is in possession of price sensitive information which is not generally available to the market, then he or she must not deal in the Company's securities at any time.

#### **4.2 No short-selling or short-term trading in the Company's securities**

Restricted Persons must not engage in short-selling or short-term trading of the Company's securities except for the exercise of options where the shares will be sold shortly thereafter.

#### **4.3 Hedging transactions**

Restricted Persons must not enter into a transaction which is designed to limit the economic risk relating to unvested securities in the Company issued under an employee share or option plan.

#### **4.4 Securities in other companies**

A Restricted Person who has information which is not generally available to the market and is 'price sensitive' cannot deal in another company's securities or communicate that information to others. Set out below are some examples (without being exhaustive) of how price sensitive information about another company may be obtained:

- (a) during the course of a proposed transaction;
- (b) during the course of due diligence investigations;
- (c) Board deliberations;
- (d) during the course of negotiations; or
- (e) information provided by others during the ordinary course of business.

Therefore, for example, where an individual is aware that the Company is about to sign a major agreement with another company, they should not buy securities in either the Company or the other company.

## 4.5 Exceptions

- (a) The ASX Listing Rules contemplate that there may be trading that can be excluded from the Company's Trading Policy and the Corporations Act provides a number of exemptions from the insider trading provisions, therefore Restricted Persons may at any time:
- (i) acquire ordinary shares in the Company by conversion of securities giving a right of conversion to ordinary shares;
  - (ii) acquire Company securities under a bonus issue made to all holders of securities of the same class;
  - (iii) acquire Company securities under a dividend reinvestment, or top-up plan that is available to all holders or securities of the same class;
  - (iv) acquire, or agree to acquire or exercise options under any Company Share Option Plan;
  - (v) withdraw ordinary shares in the Company held on behalf of the employee in an employee share plan where the withdrawal is permitted by the rules of that plan;
  - (vi) acquire ordinary shares in the Company as a result of the exercise of options held under an employee option scheme;
  - (vii) transfer securities of the Company already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
  - (viii) make an investment in, or trade 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;
  - (ix) where a Restricted Person is a trustee, trade in the securities of the Company by that trust provided the Restricted Person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the Restricted Person;
  - (x) undertake to accept, or accept, a takeover offer;
  - (xi) trade under an offer or invitation made to all or most of the 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;
  - (xii) dispose of securities of the Company resulting from a secured lender exercising their rights, for example, under a margin lending arrangement;

- (xiii) exercise (but not sell securities following exercise) an option or a right under an employee incentive scheme, or convert a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a prohibited period and the Company has been in an exceptionally long prohibited period or the Company has had a number of consecutive prohibited periods and the restricted person could not reasonably have been expected to exercise it at a time when free to do so; or
- (xiv) trade under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy.

#### **4.6 Dealings by Restricted Persons in connection with share option plans**

As the Company has an active share option plan, for the avoidance of doubt:

- (a) Subject to clause 4.6(b):
  - (i) a Restricted Person may not provide the exercise price of options obtained under a Company share option plan by selling the shares acquired on the exercise of such options; and
  - (ii) if the exercise price of options is being provided by a margin loan or other form of lending arrangement then a Restricted Person cannot sell shares to avoid providing additional capital or security to the lender in the event of a decrease in the value of the shares, unless the sale of those shares occurs during a Trading Windows.
- (b) If a Restricted Person sells shares in the Company as contemplated in paragraphs 4.5(a)(i) or 4.5(a)(ii) during a Trading Window, at a time when that Restricted Person possessed price sensitive information, then the sale of such Company securities would be in breach of insider trading laws, even though the person's decision to sell was not influenced by the price sensitive information that the Restricted Person possessed and the Restricted Person may not have made a profit on the sale.
- (c) If Company securities are provided by a Restricted Person to a lender as security by way of mortgage or charge and a sale of those Company securities occurs under that mortgage or charge as a consequence of default this would not be in breach of the insider trading laws.

#### **4.7 Notification of periods when Restricted Persons can trade**

The Company Secretary will endeavour to notify all Restricted Persons of the Trading Windows when they are permitted to buy or sell the Company's securities as set out in paragraph 4.1.

## **5. APPROVAL AND NOTIFICATION REQUIREMENTS**

### **5.1 Approval Requirements – Directors**

- (a) Any Director wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior approval of the Chairman or the Board before doing so; or
- (b) If the Chairman wishes to buy, sell or exercise rights in relation to the Company's securities the Chairman must obtain the prior approval of the Board before doing so.

### **5.2 Approval Requirements – Key Management Personnel**

- (a) Any Key Management Personnel wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior written approval of the Chairman before doing so.
- (b) For the purpose of this policy, "Key Management Personnel" are defined as:
  - (i) any first line reports of the Chief Executive Officer and their direct reports; and
  - (ii) any other person designated by the Chairman as key management personnel on the basis that they have authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

### **5.3 Requests and Approvals**

- (a) Restricted Persons must allow a reasonable period of time for any request, pursuant to paragraphs 5.1 or 5.2, to be considered. Any request, undertaking or permission under this section 5 can be given by letter, facsimile, email or any other electronic means.
- (b) All requests to buy or sell securities must include the intended volume of securities to be purchased or sold and an estimated time frame for the sale or purchase.
- (c) A request to buy or sell securities may be approved or refused by the Chairman or the Board (as the case may be) at its discretion and without explanation. In the event that a request is refused, that refusal will be final and binding upon the Restricted Person who made the request and that Restricted Person must not disclose any matter relating to the request or refusal to any other person.
- (d) Copies of written approvals must be forwarded to the Company Secretary prior to the approved purchase or sale transaction.
- (e) Any approval may be withdrawn if new information comes to light or if there is a change in circumstances.

#### **5.4 Notification**

Any Restricted Person who (or through his or her Associates) buys, sells, or exercises rights in relation to Company securities and obtains approval under paragraphs 5.1 or 5.2 must notify the Company Secretary in writing of the details of the transaction within two (2) business days of the transaction occurring. This notification obligation operates at all times but does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme.

#### **5.5 Restricted Persons' sales of securities**

Restricted Persons need to be mindful of the market perception associated with any sale of Company securities and possibly the ability of the market to absorb the volume of shares being sold. With this in mind, the management of the sale of any significant volume of Company securities (i.e. a volume that would represent a volume in excess of 20% of the total securities held by the seller prior to the sale, or a volume to be sold that would be in excess of 10% of the average daily traded volume of the shares of the Company on the ASX for the preceding 20 trading days) by Restricted Persons needs to be discussed with the board and the Company's legal and financial advisers prior to the execution of any sale. These discussions need to be documented in the form of a file note, to be retained by the Company Secretary.

#### **5.6 Exemption from Trading Window restriction due to exceptional circumstance**

A Restricted Person who is not in possession of price sensitive information in relation to the Company, may be given prior written clearance by the Chairman (or in the case of a Director the Chairman, or in the case of the Chairman, the majority of all of the other members of the board) to sell or otherwise dispose of Company securities outside of a Trading Window where the person is in severe financial hardship or where there are exceptional circumstances as set out in this policy.

#### **5.7 Severe Financial Hardship or Exceptional Circumstances**

The determination of whether a Restricted Person is in severe financial hardship or suffering from an exceptional circumstance will be made by the Chairman, and the majority of the Board in the case of the Chairman. A financial hardship or exceptional circumstances determination can only be made by examining all of the facts and if necessary obtaining independent verification of the facts from banks, accountants or other like institutions.

#### **5.8 Financial Hardship**

A Restricted Person may be in severe financial hardship if they have a pressing financial commitment that can not be satisfied other than by selling the securities of the Company.

In the interests of an expedient and informed determination by the Chief Executive Officer, Chairman or board of Directors, any application for an exemption allowing the sale of Company securities outside of the Trading Windows based on financial hardship must be made in writing, be accompanied by a statutory declaration stating all of the facts and be accompanied by copies of relevant supporting documentation,

including contact details of the persons accountant, bank and other such independent institutions.

Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

## **5.9 Exceptional Circumstances**

Exceptional circumstances may apply to the disposal of Company securities by a Restricted Person if the person is required by a court order, a court enforceable undertaking for example in a bona fide family settlement, to transfer or sell securities of the Company or there is some other overriding legal or regulatory requirement to do so.

Any application for an exemption allowing the sale of Company securities outside of the Trading Windows based on exceptional circumstances must be made in writing and be accompanied by relevant court and/or supporting legal documentation.

Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

## **6. MARGIN LOAN ARRANGEMENTS**

### **6.1 Funding Agreements**

A Restricted Person may enter into a margin loan or similar funding arrangement in respect of any Company securities (**Funding Arrangements**) but must disclose the existence of the Funding Arrangements to the Company Secretary (or if the Restricted Person is the Company Secretary that person shall notify the Chairman) who shall notify the Board.

### **6.2 Market Disclosure**

Where a Restricted Person's Funding Arrangement involves 5% or more of the Company's securities, the Board and Company Secretary shall make appropriate disclosure to the market of any key terms of the Funding Arrangements in accordance with applicable National Instruments and the Company's Communication and Corporate Disclosure Policy.

### **6.3 Interaction with other Policies**

Section 6.2 does not limit the obligations of the Company and the Board to disclose any Funding Arrangements which would require disclosure under the Company's Communication and Corporate Disclosure Policy.

### **6.4 Sale**

Where a sale of the Company's shares is required as a result of a margin call pursuant to Funding Arrangements the sale process must be undertaken in accordance with this Policy



**7. ASX NOTIFICATION FOR DIRECTORS**

The ASX Listing Rules require the Company to notify the ASX within 5 business days after any dealing in securities of the Company (either personally or through an Associate) which results in a change in the relevant interests of a Director in the securities of the Company. The Company has made arrangements with each Director to ensure that the Director promptly discloses to the Company Secretary all the information required by the ASX.

**8. EFFECT OF COMPLIANCE WITH THIS POLICY**

Compliance with these Guidelines for trading in the Company's securities does not absolve that individual from complying with the law, which must be the overriding consideration when trading in the Company's securities.

The Board takes the matter of dealing in the Company's securities by Restricted Persons seriously and expects full compliance with this Policy. Failure to comply with this Policy may result in termination or employment or other disciplinary action.