



# Securities Trading Policy

## 1. INTRODUCTION

### 1.1 Purpose

The purpose of this policy is to:

- (a) provide a brief summary of the law on insider trading, and other relevant laws;
- (b) set out the restrictions on dealing in securities by people who work for or are associated with Trek Metals Limited and its subsidiary companies (Trek or the Company); and
- (c) assist in maintaining market confidence in the integrity of dealings in Company securities.

If you do not understand any part of this policy or how it applies to you, you should discuss the matter with the Managing Director or Company Secretary before dealing in any Company securities.

### 1.2 Statement of Trading Policy

As a general rule, whenever Company Personnel have price sensitive information which may affect the value of securities, you must not:

- (a) Deal in the securities; or
- (b) Advise, procure or encourage any other person to buy, sell or otherwise deal in Company securities while in possession of price sensitive information.
- (c) Communicate the information to any person, if you know or ought to reasonably know that the person may use the information to buy, sell or otherwise deal (or procure another person to buy, sell or otherwise deal) in Company securities.

Company Personnel should not buy, sell or otherwise deal in Company securities during a prohibited period. A prohibited period is defined as:

- (a) The period of 2 weeks immediately prior to:
  - (i) the day each quarterly report is announced;
  - (ii) the day half year results are announced; and
  - (iii) the day full year results are announced.
- (b) Any period when you are in the possession of insider information.
- (c) Any other blackout period that the Board declares from time to time. The Board may at its discretion declare a blackout period for a specified period (such as when the Company is considering matters which are subject to continuous disclosure exceptions, or prior to the announcement to ASX of a significant matter or event, or upon recommendation of the Managing Director).

These prohibitions apply regardless of how you obtained the information. It applies not only to Company securities, but also to securities of other companies in which the Company may have an interest or dealings with.

Company Personnel are encouraged to seek approval prior to dealing in Company Securities from the Managing Director if there is any concern regarding insider trading.

For Key Management Personnel (including Directors) of the Company, the following rules apply:

- (a) Key Management Personnel can only deal in Company securities (or financial products issued by third parties in relation to Company securities which operate to limit the economic risk of a vested holding in Company securities) provided:
  - (i) Obtain the prior written consent of the Chairman (or two of the other directors/the Board if you are the Chairman);
  - (ii) Confirm to the Chairman (or two of the other directors/the Board if you are the Chairman) that you are not in possession of any inside information;
  - (iii) The dealing does not occur during a Prohibited Period
  - (iv) Are not involved in short term or speculative dealing; and
  - (v) Are not hedging the risk of any fluctuation in value of any unvested entitlement in Company securities;
- (b) If subsequent dealing in those securities has occurred you must confirm the details of the transaction in writing to the person to whom your prior notice was given and the Company Secretary within two business days after the dealing.

### **Exceptions**

For the purpose of this trading policy, the following dealing of securities are permitted during a prohibited period:

- (i) transfers of securities already held into a superannuation fund or other saving scheme which the Company Personnel is a beneficiary;
- (ii) investments in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the entity) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (iii) where a Company Personnel is a trustee, trading in the securities of the entity by that trust provided the Company Personnel 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 Company Personnel;
- (iv) undertakings to accept, or the acceptance of, takeover offers;
- (v) trading under an offer or invitation made to all or most security holders, such as a rights issue, share purchase plan, dividend or distribution reinvestment plan or equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board;
- (vi) margin calls;
- (vii) participation in an employee share plan operated by the Company (e.g. applying for an allocation of securities under an employee share offer or exercising vested rights or options under an employee share plan), unless securities in the Company granted under an employee share plan cease to be held under the terms of that plan; and
- (viii) trading under a pre-approved non-discretionary trading plan.

**1.3** This policy takes effect from 31 December 2016.

## **2. APPLICATION**

### **2.1 Who is covered by this policy**

This policy applies to all Directors, Senior Executives, employees, contractors and consultants, of the Company and group companies (Company Personnel).

To avoid any doubts, any reference in this policy to a director includes an alternate director.

The policy extends to spouses and related parties (as defined in the Corporations Act) of all Company Personnel.

### **2.2 What securities are covered by this policy?**

This policy applies to the following securities:

- (a) Company shares;
- (b) any other securities which may be issued by the Company such as options and convertible notes;
- (c) derivatives (such as exchange-traded options and warrants) and other financial products issued by third parties in relation to Company shares and options; and
- (d) securities of any other company or entity that may be affected by inside information (such as a Company joint venture partner, another party involved in a corporate transaction with the Company or a Company contractor or shareholder).

### **2.3 What is dealing?**

For the purposes of this policy, dealing in securities means to buy or sell securities, or enter into transactions in relation to securities, either directly or through a family trust, superannuation fund, company or in any other manner, and includes:

- (a) trading in securities (ie subscribing for, buying, selling or entering into an agreement to do any of those things);
- (b) advising, procuring or encouraging another person (such as a family member, friend, associate, colleague, broker, financial planner, investment adviser, family company or family trust) to trade or refrain from trading in securities; and
- (c) directly or indirectly communicating that information to another person whom the Company Personnel believes is likely to deal in, or procure another person to deal in, those securities.

### **2.4 What is communicating information?**

Communicating information includes passing it on, directly or indirectly, to another person (such as a family member, friend, associate, colleague, broker, financial planner, investment adviser, family company or family trust).

### **3. CONCEPTS AND PROHIBITED CONDUCT**

#### **3.1 What is insider trading?**

In broad terms, you will commit insider trading if you:

- (a) deal in Company securities or securities of another entity while you have inside information; or
- (b) communicate inside information to another person knowing (or where you should have reasonably known) that the other person would, or would be likely to use that information to deal in, or procure someone else to deal in, securities.

Individuals who contravene the insider trading provisions of the Corporations Act 2001 (Cth) are liable to prosecution or to civil penalty action by the Australian Securities and Investments Commission.

Separately, someone who engages in insider trading may be sued by another party or the Company in a civil action, for any loss suffered as a result of the insider trading.

#### **3.2 What is inside information?**

Inside information is information that:

- (a) is not generally available to people; and
- (b) if it was generally available, would (or would be likely to) influence persons who commonly invest in securities in deciding whether or not to subscribe for, purchase or sell Company securities or securities of another entity.

Information is 'generally available' if it:

- (a) consists of readily observable matter;
- (b) has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in any of the classes of securities issued by the Company and since it was made known, a reasonable period for it to be disseminated among those persons has elapsed. That is, information will be 'generally available' if it has been released to ASX or published in an annual report or prospectus or similar document and a reasonable period of time has elapsed after the information has been disseminated in one of these ways; or
- (c) consists of deductions, conclusions or inferences made or drawn from information referred to in paragraph 3.2(a) of this policy or information made known as mentioned in paragraph 3.2(b) of this policy, or both.

The financial impact of the information is important, but strategic and other implications can be equally important in determining what amounts to inside information. The definition of "information" is broad enough to include rumours, matters of supposition, intentions of a person (including the Company) and information which is not definite enough to warrant public disclosure.

### **3.3 What are some examples of inside information?**

The following list is illustrative only. Inside information about the Company could include:

- (a) information relating to Company drilling exploration results or resource/reserve statements;
- (b) information on the outcome of any economic studies, such as Pre-Feasibility Studies and Definitive Feasibility Studies;
- (c) information on changes in production or production forecasts;
- (d) information relating to the Company's financial results or forecast results;
- (e) a possible sale or acquisition of assets by the Company;
- (f) a possible change in the Company's capital structure (for example, a new issue of capital/equity to raising monies or a buy-back of shares);
- (g) a proposed dividend or change in dividend policy;
- (h) board or senior management changes;
- (i) an event which could have a material impact (either positively or negatively) on production or profits (for example, an interruption of production, a significant safety or environmental incident);
- (j) a proposed change in the nature of the Company's business;
- (k) a proposed takeover or merger involving the Company;
- (l) a notification to ASX of a substantial shareholding in the Company;
- (m) any information required to be disclosed to ASX under its continuous disclosure rules; and
- (n) any possible claim against the Company or other unexpected liability.

### **3.4 Securities of other companies**

The prohibition on insider trading is not restricted to information affecting Company securities. If you possess inside information in relation to securities of another company or entity, including suppliers or customers of the Company, you must not deal in those securities. In the course of your duties as an employee, director, adviser, consultant or contractor of the Company or a group company, you may obtain inside information in relation to another company.

For example:

- (a) in the course of negotiating a transaction with the Company, another company might provide confidential information about itself;
- (b) in the course of negotiating a transaction with the Company, another company might provide confidential information about a third party; or
- (c) information concerning a proposed transaction or other action by the Company might have a material effect on a third party.

## 4. WHAT OTHER CONDUCT IS PROHIBITED?

### 4.1 Short term dealing

You should not engage in short term or speculative dealing in Company securities.

### 4.2 Hedging

If you are a Company Personnel who participates in a Company equity-based incentive plan (for example, a share or option plan), you must not enter into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in Company securities. An unvested entitlement is a Company share or option which is still subject to time and/or performance hurdles.

### 4.3 Margin loans

If you are a Company Personnel (other than the Chairman) and you intend to enter into a margin loan or other financing arrangement where there is a risk that Company securities will be traded pursuant to the terms of the margin loan or financing arrangement (together a Margin Loan), you must obtain the prior written consent of the Chairman to enter into the Margin Loan and disclose to the Chairman the following information regarding the Margin Loan (Loan Information):

- (a) key terms;
- (b) number of Company securities involved;
- (c) the trigger points;
- (d) the right of the lender to sell the securities unilaterally; and
- (e) any other material details.

If you are the Chairman of the Company and you intend to enter into a Margin Loan, you must obtain the prior written consent of two other directors/the Board to enter into the Margin Loan and disclose to those directors/the Board the Loan Information.

### 4.4 Prohibited periods

Unless otherwise approved by the Board in exceptional circumstances (for example, genuine and pressing need, see clause 5.3), you are not permitted to deal in Company securities (including financial products issued or created over or in respect of Company securities) during any Prohibited Period as defined in clause 1.2.

## 5. PERMITTED CONDUCT

### 5.1 When is dealing permitted if you are an Employee, Contractor or Consultant?

If you are an employee, contractor or consultant of the Company, the following rules apply:

- (a) subject to the rules of any applicable Company equity-based plan (for example, a share incentive plan or option incentive plan) you can deal in Company securities at any time provided:
  - (i) you are not in possession of inside information;
  - (ii) you are not dealing during a prohibited period.

Company Personnel are encouraged to seek approval prior to dealing in Company securities from the Managing Director at all other times if there is any concern regarding insider trading.

## **5.2 When is dealing permitted by Key Management Personnel?**

Key Management Personnel refers to the Board; the Managing Director; the Company Secretary and any other senior executives as advised by the Board.

Clause 1.2 defines the rules under which a Key Management Personnel of the Company, may deal in Company securities.

If you are a Director ASX Listing Rules 3.19A and 3.19B require the Company to make certain notifications and enter into certain arrangements with Directors about share trading by Directors. To enable the Company to meet its obligations under the Listing Rules, each Director must provide certain information to the Company Secretary.

The Company Secretary will ensure relevant Director disclosures are made to the ASX and will notify the Board of all trades by the Directors as soon as reasonably practicable.

Listing Rule 3.19A.2 and the Appendix 3Y form (Disclosure of Change in Directors Interests) require disclosure of whether trading took place in a closed period where written clearance is required, and if so, whether clearance was provided and when. This disclosure requirement relates to the initial, ongoing and final disclosure to the Company by Directors and applies to all securities of the Company or a related body corporate.

## **5.3 When is dealing permitted during a Prohibited Period or other restricted trading?**

In exceptional circumstances, the Board may waive compliance with the provisions of paragraph 4.4, for any duration as the Board sees fit, by giving notice in writing to the affected Company Personnel. The written notice may be given via email.

The Company Personnel seeking a waiver under this clause must apply in writing to the Board setting out the circumstances of the proposed dealing and the reason the waiver is requested.

Exceptional circumstances for these purposes include, but are not limited to, severe financial hardship or compulsion to deal with securities by court order, or any other circumstances deemed exceptional by the Chairman or Managing Director.

Unless otherwise specified in the notice, and to the extent applicable, any dealing permitted under this paragraph 5.3 must comply with the other sections of this policy, including paragraphs 1.2 and 3.4 of this policy.

## **5.4 Do I have any other obligations to the Company?**

In addition to the insider trading and other restrictions in this policy, you also owe a duty of confidentiality to the Company and its subsidiary companies. You must not reveal any confidential information concerning the Company or its subsidiary companies, use that information in any way which may injure or cause loss to the Company or any of its subsidiary companies, or use that information to gain an advantage for yourself.

## 6. CONSEQUENCES OF BREACH

### 6.1 What if I breach this policy?

Strict compliance with this policy is mandatory for all Company Personnel covered by this policy.

Contravention of the Corporations Act 2001 (Cth) is a serious matter which may result in penalties of either criminal, civil or both in nature.

Breach of insider trading law or this Policy will be regarded by the Company as serious misconduct which may lead to disciplinary action, including possible termination of a person's employment.

## 7. PUBLICATION

### 7.1 Where can I find this policy?

- (a) A copy of this policy will be available on the Company internet website and the ASX website.
- (b) A copy of this policy will be provided to all new directors and employees of the Company and group companies as part of the Company's induction procedures.

## 8. REVIEW

This policy will be reviewed regularly by the Company's Directors having regard to changing circumstances of the Company and any changes to this Policy will be notified to affected persons in writing.

## 9. EXPLANATION OF TERMS

For the purposes of this policy:

**"communicating information"** has the meaning give to it in paragraph 2.4 of this policy.

**"Company Personnel"** has the meaning give to it in paragraph 2.1 of this policy.

**"deal in securities"** has the meaning given to it in paragraph 2.3 of this policy.

**"director"** means a director of Trek Metals Limited and includes any related party of the director.

**"inside information"** has the meaning given to it in paragraphs 3.2 and 3.3 of this policy.

**"insider trading"** has the meaning given to it in paragraph 3.1 of this policy.

**"securities"** has the meaning give to it in paragraph 2.2 of this policy.