

# Securities Trading Policy

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# 1. Introduction

The Directors, the Company Secretary, employees and contractors of Kalium Lakes Limited ("Company") may have in their possession sensitive commercial information which could materially affect the price or value of the Company's securities. The *Corporations Act 2001* (Cth) ("Corporations Act") prohibits insider trading in relation to financial products including securities. The provisions are wide ranging and breaches are serious offences.

This Policy:

- Provides an outline of the insider trading and other relevant provisions of the *Corporations Act* to assist those persons covered by the Policy to comply with their obligations;
- Aims to ensure that the reputation of the Company and its subsidiaries (if any) is not adversely impacted by perceptions of trading in the Company's securities at certain times, and to ensure a proper market of the Company's securities is maintained that supports shareholder and investor confidence;
- Sets out the procedures relating to dealings by Directors, the Company Secretary and employees and contractors in securities issued by the Company; and
- Aims to ensure that the Company complies with the ASX Listing Rules.

This Policy is designed to assist in preventing breaches of the insider trading provisions of the *Corporations Act*. Ultimately it is the responsibility of the employee, contractor, Company Secretary and Director to ensure that none of his or her dealings could constitute insider trading.

A copy of this policy will be made available to all Company personnel. Any queries regarding its operation should be directed to the Company Secretary in the first instance.

For the purposes of this Policy, "securities" means shares, debentures, options to subscribe for new shares and options over existing shares, warrant contracts and other derivatives relating to the shares.

## 2. Insider Trading Prohibition

### 2.1 The Nature of the Prohibition

Under the *Corporations Act*, a person is prohibited from dealing in securities where:

- The person possesses information which is not generally available to the public;
- That information may have a material effect on the price or value of securities of the relevant entity; and
- The person knows or ought reasonably to have known that the information is not generally available and if it were a reasonable person would expect it to have a material effect on the price or value of securities.

In addition, a person with inside information must not procure another person to deal in securities nor communicate the information (directly or indirectly) or cause the information to be communicated to another person who the person knows (or who ought reasonably to have known) may deal (or procure someone else to deal) in securities.

## 2.2 How you become aware of the Information is Irrelevant

It is irrelevant how, or in what capacity, the person comes into possession of the information. The insider trading provisions will apply to any person who acquires “inside information” in relation to Company securities no matter how, or in what capacity, the information came into their possession and dealing in the Company securities is prohibited.

## 2.3 What Does Information Include?

For the purpose of the insider trading provisions of the *Corporations Act*, “information” is defined broadly and includes matters of supposition and other matters which are insufficiently definite to warrant being made known to the public. It also includes matters relating to the intentions of a person.

## 2.4 Information that might materially affect Price or Value?

This means information that a reasonable person would expect to have a “material effect” on the price or value of Company securities. A reasonable person would be taken to expect information to have a material effect on price or value of securities if the information would be likely to influence persons who commonly invest in securities whether or not to do so.

Examples of this type of information which might affect the price or value of Company securities includes:

- Information relating to the Company’s exploration, development or other activities;
- Proposed changes in capital structure, capital returns and buy-backs;
- Information relating to the Company financial results;
- The entering into or withdrawal from a joint venture, farm-in or other such arrangement;
- A material acquisition, divestment or realisation of assets;
- Proposed dividends and share issues;
- Changes to the Board;
- Proposed changes in the nature of the business of the Company;
- Notification of the Company of a substantial shareholding; and
- Any information required to be announced to the market pursuant to ASX Listing Rule 3.1.

## 3. Dealing in Securities issued by the Company

### 3.1 When Dealing may occur?

Subject to the additional restrictions set out in clause 3.2 below, a Director, the Company Secretary, employee or contractor of the Company may deal in the Company securities provided that he or she does not have information that he or she knows, or ought reasonably to know, is inside information in relation to the Company securities.

Prior to any dealing in the Company securities:

- The Chairperson must use reasonable endeavours to inform the Managing Director (“MD”) or Chief Executive Officer (“CEO”) (or if not available another Director);
- A Director (other than the Chairperson) and the Company Secretary must use reasonable endeavours to inform the Chairperson (or, if not available, the MD/CEO, or if neither are available another Director);
- The MD/CEO must use reasonable endeavours to inform the Chairperson (or if not available another Director); and
- Senior Managers must inform and receive approval from the MD/CEO (or, if not available the Company Secretary).

### 3.2 When Dealing may not occur

- Dealing must not occur if Directors, the Company Secretary, employees or contractors are in possession of price sensitive information, or where the Company is in possession of price sensitive information, or the Company has notified a Director, the Company Secretary, employee or contractor that they may not buy or sell securities; and
- Directors, the Company Secretary and members of the Executive Team must not (subject to prior written clearance in accordance with clause 3.10 of this Policy) buy or sell or otherwise deal in the Company securities within the following periods:
  - the period beginning on 1 January and ending at the close of trading on the day of release of the Company's half yearly financial report to the ASX;
  - the period beginning on 1 July and ending at the close of trading on the day of release of the Company's Annual Financial Report to the ASX;
  - the period beginning on the date that is four weeks before a prospectus for the offer of equity securities in or other capital raising by the Company; and
  - any other period as the board of directors of the Company may decide, (“Closed Period”).

The insider trading prohibitions apply even when a trade falls outside a blackout period or within an exclusion to the restrictions on trading set out in this Policy, if it is undertaken by, or procured by, someone in possession of inside information at the time of the trade.

### 3.3 Excluded Trading

This Policy does not prohibit the following trading by a Director, the Company Secretary, employee or contractor:

- Transfers of securities already held into a superannuation fund or other saving scheme in which the Director, the Company Secretary, employer or contractor is a beneficiary;
- Transfers of securities where there is no change in beneficial ownership;
- An investment 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 the third party;
- Where a Director, Company Secretary, employee or contractor is a trustee, trading in securities by that trust provided the Director, Company Secretary, employee or contractor 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, the Company Secretary, employee or contractor;
- Undertakings to accept, or acceptance of, a takeover offer;
- Trading 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 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;
- The acquisition of securities under an employee incentive scheme. However, where securities in the Company granted under an employee incentive scheme cease to be held under the terms of that scheme, any dealing in those securities must only occur in accordance with this Policy; and
- Trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this trading policy and where:
  - (i) The Director, the Company Secretary or employee did not enter into the plan or amend the plan during the Closed Period;
  - (ii) The trading plan does not permit the Director, the Company Secretary or employee to exercise any influence or discretion over how, when, or whether to trade;
  - (iii) The entity's trading policy does not allow for the cancellation of a trading plan during a Closed Period other than in exceptional circumstances; and
  - (iv) The issue or grant of securities by KLP to a Director, the Company Secretary or employee where shareholder approval for the issue of the securities has been obtained and if inside information exists both KLP and the Director, the Company Secretary or employee are fully aware of the inside information.

However, such dealings (even where the trading falls within an exclusion to this Policy) remain subject to the insider trading rules in the Corporations Act.

### 3.4 No hedging

A Director, the Company Secretary, employees or contractors must not, without prior written approval of the Managing Director engage in hedging arrangements, deal in derivatives or enter into other arrangements which vary economic risk related to the Company's securities including, for example,

dealing in warrants, equity swaps, put and call options, contracts for difference and other contracts intended to secure a profit or avoid a loss based on fluctuations in the price of the Company's securities. This provision includes engaging in hedging or other arrangements that would have the effect of limiting the economic risk in connection with Company securities including securities which are unvested, subject to a holding lock or issued pursuant to an equity based remuneration scheme.

### 3.5 Confirmation of Dealing that has Occurred

The Company may require the Company Secretary, employee or contractor to provide confirmation of dealing in Company securities by the Company Secretary, employee or contractor or his/her associate/s.

### 3.6 Director Requirement after trading

Once a Director has completed a trade, the Director must provide the Company Secretary with details of all changes to their relevant interest in Company securities registered in the name of the Director or held on behalf of the Director, directly or indirectly. The Director must provide sufficient information to enable the Company to comply with its ASX reporting obligations (including date, price, volume and whether the change occurred during a period outside a trading window and if so, whether written clearance was provided). The details must be provided as soon as reasonably possible after the date of the change and in any event no later than three (3) business days after the change or another time frame agreed with the Company Secretary which allows the Company to comply with its reporting obligations under the listing rules.

### 3.7 Related Parties and Relevant Interests

The restrictions on dealings by Directors, the Company Secretary, employees and contractors are equally applicable to any dealings:

- By their spouses or de facto spouses;
- By or on behalf of any dependent under 18 years of age; and
- Any other dealings in which, for the purposes of the *Corporations Act*, he or she is, or is to be treated as, interested. For example, if a Director, the Company Secretary, employee or contractor is a trustee of a trust and is also a beneficiary of the trust, the Director, the Company Secretary, employee or contractor must not trade in the Company securities on behalf of the trust without reference to this Policy.

It is the duty of the Director, the Company Secretary, employee or contractor to seek to avoid any such dealing at a time when he or she is himself or herself prohibited from dealing.

### 3.8 Dealing in Securities of Other Companies

Whilst dealing in securities in other listed companies is allowable, the prohibited conduct under the *Corporations Act* includes dealings in securities of the Company as well as of other listed companies with which the Company may be dealing (such as Company joint ventures partners, contractors or customers) where a Director, the Secretary, employee or contractor possesses “inside information” in relation to that other company.

That is, if you are aware of information that is not generally available but which, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the security, you should not deal in the securities of the companies that it affects. For example, where you are aware that the Company is about to sign a major agreement with another company, you should not buy securities in either the Company or the other company.

### 3.9 Breaching the Security Trading Policy

A breach of the Securities Trading Policy by an employee or contractor is serious and may lead to disciplinary action, including dismissal in serious cases. It may also be a breach of the law. Insider trading is a criminal offence which is punishable by fines, imprisonment, or both, and may also lead to civil actions which may result in substantial penalties or compensation being awarded to persons suffering loss or damage due to insider trading.

### 3.10 Exceptional Circumstances

Except where there is a matter about which there is inside information in relation to the Company's securities, the Chairperson (or 2 Directors in the case of the Chairperson) may give clearance during a Closed Period for a Director, the Company Secretary, employee or contractor to sell (but not buy) securities in exceptional circumstances.

The Director, the Company Secretary, employee or contractor seeking clearance to deal in the securities must outline in writing to the Chairperson (or 2 Directors in the case of the Chairperson) the circumstances of their severe financial hardship or as to why their circumstances are otherwise exceptional and that the proposed dealing in the securities is the only reasonable course of action available. An Application for Written Acknowledgement to Deal in Securities in Exceptional Circumstances must be completed and returned to the Company Secretary (or where the applicant is the Company Secretary, the Chairperson).

The Chairperson (or 2 Directors in the case of the Chairperson) will decide if exceptional circumstances exist and this decision will be final.

Any approval to trade can be given, withdrawn or refused by the Company in its discretion without giving any reasons. If approval to trade Company Securities is refused, the person seeking the approval must keep that information confidential and not disclose it to anyone. Any approval to trade under this policy is not an endorsement from the Company and the person doing the trade is individually responsible for their investment decisions and their compliance with insider trading laws.



### 3.11 Further Information

Directors, the Company Secretary, employees or contractors who are unsure about any information they may have in their possession, and whether they can use that information for dealing in the Company securities or securities of another entity, should contact the Company Secretary.

This Policy outlines the disclosure obligations of the Company as required under the *Corporations Act* and the ASX Listing Rules. The Policy is designed to ensure that procedures are in place so that stock markets in which the Company's securities are listed are properly informed of matters which may have a material impact on the price at which the securities are traded.

The Company is committed to:

- Complying with the general and continuous disclosure principles contained in the *Corporation Act* and the ASX Listing Rules;
- Preventing the selective or inadvertent disclosure of material price sensitive information;
- Ensuring shareholders and the market are provided with full and timely information about the Company's activities; and
- Ensuring that all market participants have equal opportunity to receive externally available information issued by the Company.

This Policy was approved by the Board on 18<sup>th</sup> August 2016.