

# Auzex Resources Limited

## Board Policy 05/05: Securities Trading

Adopted by the Board on [insert date]

*(ASX Best Practice Governance Principles: Recommendation 3.2)*

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### 1 Policy objectives

- 1.1 Directors and other shareholders are encouraged to be long term holders of the Company's shares. Care must be taken in the timing of any acquisition or disposal of securities of the Company.
- 1.2 The objective of this Policy is:
  - 1.2.1 to ensure that the Directors and employees do not inadvertently breach the insider trading provision of the Corporations Act 2001 when dealing in securities in the Company (including shares and options); and
  - 1.2.2 to assist in maintaining market confidence in the trading of the Company's securities.

### 2 Who does this Policy apply to?

#### People covered

- 2.1 This Policy applies to all Directors, the Company Secretary, franchisees and to all executives and employees of the Company and their associates.
- 2.2 In this Policy, **Senior Management** means all Directors, the Company Secretary, and all senior executives.
- 2.3 Persons covered by this Policy must not trade through any member of their family, or through a trust or company over which they have influence or control, in circumstances where they would have been prohibited from trading in their own name.

#### Securities covered

- 2.4 This Policy applies to all securities issued by the Company from time to time including ordinary shares, preference shares, debentures, convertible notes, options and derivatives created over the Company's securities by third parties (such as warrants).
- 2.5 This Policy is not limited to insider trading in the Company's securities. It includes trading the securities of other companies, our customers or suppliers or those with whom the Company may be negotiating major transactions such as an acquisition, investment or sale. Information that is not material to the Company may nevertheless be material to one of those other companies.

## Exclusions

- 2.6 This Policy does not apply to any acquisition of securities as part of:
- 2.6.1 a new issue where the issue is available pro rata to all holders of securities of the relevant class;
  - 2.6.2 a dividend reinvestment plan available to all shareholders; or
  - 2.6.3 an executive or employee share or option plan.
- 2.7 This Policy will apply however to any subsequent disposals of securities acquired under any of the above.

## 3 What is insider trading?

### Insider trading

- 3.1 If a person covered by this Policy has Inside Information relating to the Company it is illegal for the person to:
- 3.1.1 Buy, sell or otherwise deal in securities in the Company;
  - 3.1.2 Advise, procure or encourage another person (for example, a family member, a friend, a family company or trust) to buy or sell the Company's securities; or
  - 3.1.3 Pass on information to any other person, if you know or ought to reasonably know that the person may use the information to buy or sell (or procure another person to buy or sell) the Company's securities.

### Inside Information

- 3.2 Inside Information is information which is not generally available to the market and, if it were generally available to the market, would be likely to:
- 3.2.1 have a material effect on the price or value of any company's securities (not just the Company's securities); or
  - 3.2.2 influence persons who commonly invest in securities in deciding whether or not to buy or sell the Company's securities.
- 3.3 Information is generally available if:
- 3.3.1 It consists of readily observable matter;
  - 3.3.2 It has been made known in a manner likely to bring the information to the attention of people who commonly invest in securities of a kind whose price or value might be affected by the information, and, since it was made known, a reasonable period for it to be disseminated among such persons has elapsed;
  - 3.3.3 It is derived from information which has been made public; or

3.3.4 It consists of observations, deductions, conclusions or inferences made or drawn from the other generally available information.

3.4 It does not matter how or where you obtain inside Information – it does not have to be from the Company or about the Company to constitute Inside Information.

#### **Penalties for non-compliance**

3.5 Insider trading is a criminal offence punishable by a fine of up to \$200,000 per offence or a jail term of up to 5 years, or both.

3.6 In addition, the insider trader and any other person involved in the contravention may be liable to compensate third parties for any resulting loss.

3.7 Non-compliances will be treated seriously by the Company and breaches of this Policy, whether or not they result in a breach of the law, may result in disciplinary action including dismissal or termination of any franchise agreement.

## **4 Policy**

### **No trading when in possession of Inside Information**

4.1 No person to whom this Policy applies may deal in any security at any time if they have Inside Information.

### **Trading windows**

4.2 A person covered by this Policy may trade in securities:

4.2.1 in the 6 week period after:

- (a) the release to ASX of the half-yearly and annual results; or
- (b) the end of the AGM; and

4.2.2 at any time the Company has a prospectus open,

but only if:

4.2.3 they have no Inside Information; and

4.2.4 The trading is not for short term or speculative gain.

### **Other authorised trades**

4.3 A person covered by this Policy may trade in securities at other times only if:

4.3.1 They are personally satisfied that they are not in possession of Inside Information;

4.3.2 In the case of Senior Management – they have obtained the approval of the Chairman or in the case of any proposed trade by the Chairman, of another non-executive Director nominated by the Board for the purpose; and

4.3.3 In the case of others - they have obtained the approval of the Company Secretary.

- 4.4 Permission will be given for such trading but only after a written request for approval is provided and only if the approving person is satisfied that the transaction would not be:
- 4.4.1 contrary to law;
  - 4.4.2 for speculative gain;
  - 4.4.3 to take advantage of inside knowledge; or
  - 4.4.4 seen by the public, press, other shareholders or ASX as unfair.
- 4.5 Approval to trade may be given, for example:
- 4.5.1 in cases of hardship where it can be shown that securities are to be sold to realise cash in a time of need; or
  - 4.5.2 where securities are transferred from one member of a family or trust to another when to delay the transaction to the next permitted period would be detrimental to the family's affairs.
- 4.6 Approval will only be given under exceptional circumstances where trading would occur in the period between 30 June and the announcement to ASX of final results for the year and between 31 December and the announcement to ASX of the interim results for the half-year.
- 4.7 If approval is given, the trade must be completed within 2 business days of the approval.

#### **Disclosure to the Company**

- 4.8 Senior Management must advise the Company Secretary in writing of the details of completed transactions within 2 business days following each transaction. Such notification is necessary whether or not prior authority has been required.
- 4.9 The Company Secretary must maintain a register of securities transactions for the purposes of this Policy.
- 4.10 The Company must comply with its obligations to notify ASX in writing of any changes in the holdings of securities or interest in securities by Directors.

#### **Large dealings**

- 4.11 Persons to whom this Policy applies must not sell more than 2% of the total issued share capital worth of securities in any 6 month period without obtaining approval from the Chairman (or in the case of a proposed sale by the Chairman), from the Board, as to the form and timing of the sale and the management of its public disclosure.