



**Prospech Limited**  
ABN 24 602 043 265

## **Security Trading Policy**

**Prospech Limited**

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# Dealings by Employees and Directors in Securities of Prospech Limited

## 1. Overview

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This statement sets out the policy of Prospech Limited ('Prospech') for employees and directors dealing in Securities of Prospech and other companies. It summarises the law relating to insider trading and sets trading windows when employees and directors may be entitled to trade.

For the purposes of this policy "Securities" means shares and other instruments considered to be a security for the purposes of the *Corporations Act 2001 (Cth)* ('Corporations Act'). The definition of a Security is complex and includes not only ordinary shares but also derivative instruments such as exchange traded options and warrants.

If you are in any doubt as to whether or not any instrument you wish to trade is a Security, or how this policy may affect you, you should seek assistance from the Company Secretary before trading.

## 2. Insider Trading

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If you have price sensitive information relating to Prospech (including any company within the Prospech Group) which has not been published or which is not otherwise generally available you are prohibited from trading at any time in Prospech securities whilst in the possession of inside information. It is illegal, under the Corporations Act, for you to:

- (a) Buy, sell or otherwise deal in Prospech Securities;
- (b) Advise, procure or encourage another person (including, but without limitation, a relative, friend, family company or trust) to deal in Prospech Securities; or
- (c) Pass on information to any other person if you know or reasonably know that the person may use the information to deal (or procure another person to deal) in Prospech Securities.

It is the responsibility of each employee and director (not Prospech) to ensure that they do not do any of the things prohibited by insider trading laws. The consequences for breach of this law can include both civil and criminal penalties.

## 3. What is Price Sensitive Information

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Price-sensitive information means information relating to Prospech or any company in the Prospech Group that would, if the information were publicly known, be likely to:

- (a) Have a material effect on the price or value of Prospech Securities; or
- (b) Influence persons who commonly invest in Securities in deciding whether or not to buy or sell Prospech Securities.

Examples of possible price-sensitive information include, but are not limited to:

- (a) The financial performance of Prospech against its budget;
- (b) Entry into or termination of a material contract (such as a major joint venture);
- (c) A material acquisition or sale of assets by Prospech;
- (d) An actual or proposed takeover or merger;
- (e) An actual or proposed change to the Prospech's capital structure;

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- (f) A proposed dividend or a change in dividend policy; or
- (g) A material claim against Prospech or other unexpected liability.

### **4. When is the Information “Generally Available”?**

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Information is generally available if:

- (a) It consists of readily observable matter;
- (b) 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;
- (c) It is derived from information which has been made public; or
- (d) It consists of observations, deductions, conclusions or inferences made or drawn from other generally available information.

### **5. Consequences for Breach of the Insider Trading Prohibition**

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Breach of the insider trading prohibition by you or family members could expose you or them to criminal and civil liability. Breach of insider trading laws or this policy will also be regarded by Prospech as serious misconduct which may lead to disciplinary action and/or dismissal.

### **6. Dealing in Shares of Other Companies**

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If you have “price sensitive information” relating to a company other than Prospech which is not “generally available” the same insider trading rules outlined above apply to buying and selling Securities in that company. In the course of performing your duties as an employee of Prospech, you may obtain price sensitive information relating to another company in a variety of circumstances. Examples include, but are not limited to the following:

- (a) Another company may provide price sensitive information about itself to Prospech in the course of a proposed transaction;
- (b) Another company with whom Prospech is dealing may provide price sensitive information about a third company; or
- (c) Information concerning Prospech or actions which may be taken by Prospech (ie a planned transaction or strategic change) could reasonably have an effect on a third party company.

Apart from the application of the insider trading rules to Securities in other companies, employees are also bound by a duty of confidentiality in relation to information obtained in the course of their duties in respect of third parties.

### **7. Limitation Periods for Buying and Selling Securities – Closed Periods**

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Whilst it is unlawful to trade at any time if an employee or director has inside information, there are other periods when Key Management Personnel must not, except in exceptional circumstances deal in securities of the Company during the following periods:

- (a) two weeks prior to, and 24 hours after the release of the Company's Annual Financial Report;
  - (b) two weeks prior to, and 24 hours after the release of the Consolidated Interim Financial Report of the Company; and
  - (c) two weeks prior to, and 24 hours after the release of the Company's quarterly reports,
- (together the **Closed Periods**).

The Company may at its discretion vary this rule in relation to a particular Closed Periods by general announcement to all Key Management Personnel either before or during the Closed Periods. However, if a Key Management Personnel 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.

### **8. Steps to Take When Dealing in Prospech Shares or Securities**

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Any employee or director wishing to deal in Prospech's Securities must advise the Company Secretary in writing of their intention to do so before dealing in the Securities. This notification obligation operates at all times.

Directors and employees must not deal in Prospech's Securities until this notification has taken place.

If the Company Secretary subsequently notifies any director or employee wishing to deal in Prospech's Securities that the proposed dealing must not be entered into, that director or employee must not engage in that dealing, and must keep that information confidential and not disclose it to anyone.

### **9. ASX Notification by Directors**

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Directors are required to notify the Chairman and the Australian Securities Exchange (ASX) of any change to their holding of relevant interests in financial products of Prospech. Whilst the Corporations Act requires Directors to notify the ASX of any changes to their holdings within 14 days, Prospech is required under the Listing Rules to notify these changes to the ASX within five business days of the change. To enable Prospech to comply with this, Directors must furnish the relevant information within five business days to the Company Secretary who will facilitate the transmission of these notifications to the ASX. Notifications will also be tabled before the Board.

### **10. Employee Option Plans**

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Insider trading does not apply to applications for or exercise of options under employee or executive share plans.

The exercising of options issued under the employee or executive option plan are exempt of the limitation periods as outlined in section 7 of this policy.

However, insider trading rules and this policy do apply in relation to the subsequent disposal of any Securities acquired under an option. Where an employee or executive director exercises options while in the possession of price sensitive information, he/she will have to fund the exercise of the options without the financial assistance of a simultaneous sale of some or all shares just acquired.

If the options expire inside a trading window described in clause 7 of this policy, then an employee or executive director may simultaneously exercise and sell any Securities subject always to compliance with insider trading laws.

### **11. Prohibition on Hedging**

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Directors and employees must not engage in hedging arrangements (including, for example, the use of put and call options or other derivative instruments) over unvested Securities issued pursuant to any employee or director option or share plan. In addition, any hedging over vested Securities must comply with this Policy.

### **12. Additional Information**

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If you have any questions relating to Prospech's Security Trading Policy, contact the Company Secretary at Prospech Limited's head office.