

**A-CAP RESOURCES LIMITED
SECURITIES TRADING POLICY AND GUIDELINES**

POLICY and GUIDELINES

1. INTRODUCTION AND PURPOSE

This document sets out the policy of A-Cap Resources Limited (“the Company”) on dealing by directors and employees in:

- (a) Company Securities; and
- (b) securities of other entities.

If you do not understand any part of this policy, the summary of the law, or how it applies to you, you should raise the matter with the Company Secretary before dealing with any securities covered by this policy.

2. RATIONALE FOR THE POLICY

Under Australian corporations’ legislation, the insider trading laws operate to prohibit people in possession of non-public price-sensitive information from dealing in securities or passing on the information to other people who may deal in securities.

Given the restrictions imposed by law, this policy is relevant to all directors and employees of the Company and contractors of the Company. This policy also imposes additional restrictions (described below) on:

- (a) all directors of the Company;
- (b) all employees of the Company;
- (c) any entities controlled by a director or employee; and
- (d) contractors.

3. MEANING OF SECURITIES

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.

4. INSIDER TRADING LAWS

4.1 Prohibition

If you have any **inside information** about the Company (or another relevant entity, such as a company with which the Company is considering a transaction) which is not publicly known, it is a criminal offence for you to:

- (a) trade in Company Securities (or securities of the other relevant entity);
- (b) advise or procure another person to trade in Company Securities (or securities of the other relevant entity); or
- (c) pass on **inside information** to someone else (including colleagues, family or friends) knowing (or where you should have reasonably known) that the other person will, or is likely to, use that information to trade in, or procure someone else to trade in, Company Securities (or securities of the other relevant entity).

4.2 Consequences of insider trading

This offence, called "insider trading", can subject you to:

- (a) criminal liability including large fines and/or imprisonment;
- (b) a civil penalty of up to \$200,000; and
- (c) civil liability, which may include being sued by another party or the Company, for any loss suffered as a result of illegal trading.

4.3 Inside information

"**Inside information**" is information that:

- (a) is not generally available; and
- (b) if it were generally available, it would – or would be likely to – influence investors in deciding whether to buy or sell particular Securities.

The financial impact of the information is important, but strategic and other implications can be equally important in determining whether information is **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 insufficiently definite to warrant disclosure to the public.

Importantly, you need not be an "insider" to come across inside information. That is, it does not matter how you come to know the **inside information** (for example, you could learn it in the course of carrying out your responsibilities or in passing in the corridor or in a lift or at a dinner party).

4.4 Examples of insider trading

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

- (a) the financial performance of the Company against its budget;
- (b) a possible acquisition or sale of any assets by the Company;
- (c) a possible change in the Company's capital structure;
- (d) a proposed dividend;
- (e) senior management changes;
- (f) a significant research result or discovery;
- (g) development of a new product; or
- (h) any possible claim against the Company or other unexpected liability.

4.5 Insider trading is prohibited at all times

If you possess **inside information**, you must not buy or sell Company Securities, advise or get others to do so or pass on the **inside information** to others. This prohibition applies regardless of how you learn the information.

The prohibition on insider trading applies not only to information concerning Company Securities. If a person has **inside information** in relation to securities of another company, that person must not deal in those securities.

4.6 Dealing through third parties

The insider trading prohibition extends to dealings by individuals through nominees, agents or other associates, such as family members, family trusts and family companies (**Associates**).

5. CONFIDENTIAL INFORMATION

Related to the above, directors, employees and contractors also have a duty of confidentiality to the Company. You must not reveal any confidential information concerning the Company, use that information in any way which may injure or cause loss to the Company, or use that confidential information to gain an advantage for yourself.

6. TRADING RESTRICTIONS IMPOSED BY THIS POLICY

6.1 Additional restrictions

Additional restrictions (described below) on trading Company Securities apply to the following people in the Company and its related bodies corporate (**Restricted Persons**):

- (a) all directors of the Company; and
- (b) all persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

The additional restrictions in this policy do not prohibit Restricted Persons from acquiring securities under the Company's dividend reinvestment plans or employee share plans (however, the additional restrictions will apply to any subsequent trading of Company Securities acquired under those plans).

6.2 Reasons for additional restrictions

Restricted Persons are in positions where it may be assumed that they may come into possession of **inside information** and, as a result, any trading by Restricted Persons may embarrass or reflect badly on them or on the Company (even if a Restricted Person has no actual **inside information** at the time).

This policy is designed to avoid the possibility that misconceptions, misunderstandings or suspicions might arise.

6.3 Restricted Persons' sales of Company 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 (being a volume that would represent a volume in excess of 10% 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 a Restricted Person needs to be discussed with the Board and the Company's legal 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.

6.4 Trading restrictions during black-out periods

Restricted Persons are not permitted to trade Company Securities during the specific "black-out periods" detailed below. The black-out periods are the period of two weeks immediately prior to and 24 hours immediately after each of the following events:

- (a) the announcement of half year results;
- (b) the announcement of full year results; and
- (c) the conclusion of the Annual General Meeting.

The board may also declare a black-out period for a specified period at other times (such as prior to the announcement to ASX of a significant event).

6.5 Exceptions

A Restricted Person may at any time:

- (a) acquire ordinary shares in the Company by conversion of securities giving a right of conversion to ordinary shares;
- (b) acquire Company Securities under a bonus issue made to all holders of securities of the same class;
- (c) acquire Company Securities under a dividend reinvestment, or top-up plan that is available to all holders or securities of the same class;
- (d) acquire, or agree to acquire or exercise options under a Company share option plan;
- (e) withdraw ordinary shares in the Company held on behalf of the Restricted Person in an employee share plan where the withdrawal is permitted by the rules of that plan;
- (f) acquire ordinary shares in the Company as a result of the exercise of options held under an employee option scheme;
- (g) transfer securities of the Company already held into a superannuation fund or other saving scheme in which the Restricted Person is a beneficiary;
- (h) 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;

- (i) 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;
- (j) undertake to accept, or accept, a takeover offer;
- (k) 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;
- (l) dispose of securities of the Company resulting from a secured lender exercising their rights, for example, under a margin lending arrangement;
- (m) 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 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
- (n) trade under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy.

6.6 Agreement to sell shares issued on exercise of options

In respect of any share or option plans adopted by the Company, it should be noted that it is not permissible to obtain the exercise price of options by selling the shares that would be acquired on the exercise of these options, unless the agreement for sale of those shares occurs outside the periods specified in paragraph 6.4.

Were this is to occur at a time when the person possessed inside information, then the sale of Company Securities would be a breach of insider trading laws, even though the person's decision to sell was not influenced by the inside information that the person possessed and the person may not have made a profit on the sale. Where Company Securities are provided to a lender as security by way of mortgage or charge, a sale that occurs under that mortgage or charge as a consequence of default would not breach insider trading laws.

6.7 No speculative short-term trading

Restricted Persons should not trade in Company Securities on a short term basis or for speculative trading gain.

6.8 Requirements before trading

Before trading in Company Securities, Restricted Persons must:

- (a) advise the Chairman or the Board of their intention to trade in Company Securities;
- (b) confirm that they do not hold any **inside information**; and
- (c) have been advised that there is no known reason to preclude the trading in Company Securities.

6.9 Requirements after trading

Within five (5) business days after a Restricted Person or their Associate has completed a trade, the Restricted Person must procure that the Chairman or the Board is:

- (a) advised that the trade has been completed; and
- (b) in the case of directors, provided with sufficient information to enable the Company to comply with the requirements to notify a change of interests to ASX.

6.10 Trading inside the black-out periods

Subject to the exceptions in paragraph 6.5, Restricted Persons are prohibited from trading in Company Securities at times within the black-out periods, however if a genuine and pressing need arises, then a case-by-case exception may be considered.

A Restricted Person must not trade within a black-out period unless they submit a written request to the Company Secretary in advance of the proposed trade and have received written clearance to trade.

The Chairman is responsible for approving applications to permit trading within black-out periods.

In the case of any proposed trading by the Chairman, notification of any request must be made to the Board through the Company Secretary.

Any request must include confirmation that the Restricted Person does not hold any inside information.

6.11 Securities in other companies

Buying and selling securities of other companies with which the Company may be dealing is prohibited where an individual possesses information which is not generally

available to the market and is "price sensitive". 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.

7. ASX NOTIFICATION FOR DIRECTORS

The ASX Listing Rules require the Company to notify the ASX within five (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 Company Securities. 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. BREACHES OF THE POLICY

Strict compliance with this policy is a condition of employment. Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

9. EFFECT OF COMPLIANCE WITH THIS POLICY

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

10. FURTHER INFORMATION

For more information about this policy, contact the Company Secretary.

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