

# Securities Trading Policy



Caldron Energy Ltd  
ACN 102 912 783

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## Introduction

The Board of Caldron Energy Ltd (**Company**) has adopted this Securities Trading Policy (**Policy**). This Policy applies to the Company and any subsidiary or associate company under its control, referred to as the Group of Companies (**Group**).

This Policy imposes general trading restrictions on Key Management Personnel, as defined below (**KMP**) as well as employees, contractors and consultants (collectively **Personnel**) of the Company.

## Purpose

KMP and Personnel are encouraged to become shareholders of the Company however it is essential that the Company, KMP and its Personnel comply with this Policy as well as the law and high ethical standards.

Policy Objectives:

- Minimise the risk of KMP and Personnel of the Company contravening the laws against insider trading;
- Ensure that the Company is able to meet its reporting obligations under the ASX Listing Rules; and
- To increase transparency with respect to trading in securities of the Company by KMP and Personnel.

The Policy:

- Sets procedures and imposes restrictions on dealing in Company securities;
- Provides information on the insider trading provisions of the *Corporations Act 2001*;
- Provides guidance and procedures when dealing in Company securities; and
- Imposes trading restrictions during specific periods.

## Definitions

For the purpose of this Policy:

“**dealing in securities**” means to buy or sell shares, options or other securities in the Company, or enter into transactions in relation to shares, options or other securities in the Company. It includes procuring another person to do any of these things;

“**price sensitive information**” means information concerning the Company that a reasonable person would expect to have a material affect on the price or value of securities in the Company;

“**Key Management Personnel (KMP)**” means those who have the opportunity to materially influence the integrity, strategy and operations of the Company or Group and its financial performance. KMP includes all Directors and Officers of the Company and members of Senior Management.

## Outline of Corporations Act Requirements

Sections 1042B to 1043O of the *Corporations Act 2001* prohibit persons who are in possession of price sensitive information in relation to particular securities that is not generally available to the public from:

- Dealing in securities; or
- Communicating the information to others who might deal in securities. The central test of what constitutes price sensitive information is found in section 1042A. It provides that the insider trading and continuous disclosure rules apply to information concerning a company that a reasonable person would expect to have a material affect on the price or value of securities in the company (**price sensitive information**).

KMP of the Company will from time to time be in a situation where they are in possession of price sensitive information that is not generally available to the public. Examples are the period prior to the release of annual or half-yearly results to the Australian Securities Exchange Limited (**ASX**) and the period during which a major transaction is being negotiated.

The risk of contravention of insider trading laws in relation to information concerning public companies was substantially reduced in 1994 with the introduction of the continuous disclosure regime. Under that regime, public companies are required to disclose all price sensitive information immediately to the ASX, except in limited circumstances. The test of what constitutes price sensitive information under the insider trading laws and under the continuous disclosure requirements are effectively identical. As a consequence, at least in theory, there is no risk of KMP from contravening insider trading laws as all relevant information will already have been disclosed.

There are a number of limitations and qualifications to the above. They include:

- The ASX Listing Rules and the *Corporations Act 2001 (Cth)* permit companies not to disclose certain information, for example in the situation where an acquisition is being negotiated and remains confidential;
- In the case of a Director, information may be known to a particular Director but not yet by the Company as a whole (i.e. the Board);
- The Company may not have yet complied with its continuous disclosure obligations in relation to a particular event or circumstance – there will always be some element of delay in doing so; and
- KMP will generally have a better feel for the performance of the Company than the public.

In these situations there is still potential for contravention. There is also the potential for an appearance of contravention even if there has not been actual contravention. This could reflect badly on the Company as well as the KMP concerned.

Another circumstance that must be guarded against is where one or more KMP are aware of an event or circumstance and the remaining KMP are not yet aware. In such a circumstance it is important that no KMP deals in securities because:

- there is a risk that they will be found to have been guilty of insider trading even if they had no intention of committing a contravention; and
- of the potential for such circumstances to reflect badly on the Company.

For these reasons, the advice of the Chairperson should be sought prior to any dealing in securities taking place, and steps should be taken to ensure that the Chairperson is apprised of all relevant considerations by the Continuous Disclosure Manager appointed under ASX LR 1.1, condition 12.

## Policy – Dealing in Securities

### General Policy and Blackout Periods

KMP and Personnel must not at any time engage in short-term trading in securities of the Company.

KMP and Personnel must not communicate price sensitive information to a person who may deal in securities of the Company. In addition KMP or any Personnel should not recommend or otherwise suggest to any person (including a spouse, relative, friend, trustee of a family trust or director of a family company) the dealing in securities of the Company.

Subject to the below, KMP and Personnel can deal in securities of the Company in the following circumstances:

- They have satisfied themselves that they are not in possession of any price sensitive information that is not generally available to the public;
- They have contacted the Chairperson or in their absence, the Company Secretary and notified them of their intention to do so and the Chairperson or Company Secretary indicates that there is no impediment to them doing so; and
- Where the Chairperson wishes to deal in securities, he has contacted a fellow Director, or in their absence, the Company Secretary and notified them of their intention to do so and the fellow Director or Company Secretary indicates that there is no impediment to them doing so.

KMP or Personnel are not permitted to buy or sell Company securities in the following blackout periods (**Blackout Periods**):

- Within the period of 2 days prior to the release of annual or half yearly results; and
- When there is in existence price sensitive information that has not been disclosed because of an ASX Listing Rule exception.

KMP and Personnel should wait at least 2 hours after the relevant release before dealing in securities so that the market has time to absorb the information.

## Exceptions to Blackout Periods

KMP and Personnel may at any time (including during any Blackout Periods):

- Acquire, or agree to acquire or exercise options under a Company share option plan;
- Withdraw ordinary shares in the Company held on behalf of the Personnel in a share plan where the withdrawal is permitted by the rules of that plan;
- Transfer securities of the Company already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
- 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;
- 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;
- Undertake to accept, or accept, a takeover offer;
- 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;
- Dispose of securities of the Company resulting from a secured lender exercising their rights, for example, under a margin lending arrangement; or
- Exercise (but not sell securities following exercise) an option or a right under an 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 and the Company has been in an exceptionally long 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.

In respect of any active share or option plans that the Company has in place:

- It is not permissible to provide the exercise price of options by selling the shares acquired on the exercise of these options unless the sale of those shares occurs at a time other than during a Blackout Period; and
- Where the exercise price of options is being provided by a margin loan or other form of lending arrangement then there may be a risk that the KMP or Personnel may need to sell shares to avoid providing additional capital or security to the lender in the event of a decrease in the value of the shares. Where this occurs at a time when the person possessed inside information, then the sale of the Company's 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.

## Exemption from Blackout Period due to Financial Hardship or Exceptional Circumstance

In specific circumstances, such as financial hardship or exceptional circumstances, the Chairperson may waive the requirement of a KMP or Personnel to deal in securities during a Blackout Period on the condition that the KMP or Personnel can demonstrate that they are not in possession of any price sensitive information that is not generally available to the public.

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 Chairperson.

The KMP or 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.

Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

## Notification by Directors

KMP and Personnel must notify the Company Secretary on acquiring or disposing of a relevant interest in any securities in the Company.

A Director must notify the Company Secretary in writing of the requisite information for the Company Secretary to make the necessary notifications to ASIC and ASX of the change as required by the *Corporations Act 2001 (Cth)* and the ASX Listing Rules. The Director must provide the Company Secretary with the written notification as soon as possible after the change occurs and, in any event, to allow the Company Secretary to make the necessary notifications within 5 business days after the change occurs.

## Breach of Security Trading Policy

Breaches of this Policy are subject to disciplinary action, which may include termination.

Compliance with this Policy for trading in the Company's securities does not absolve that individual from complying with the law, which must be the overriding consideration when trading in the Company's securities.

## Review of Policy

The Board shall review this Policy annually.