



Dealings in Shares (Securities)
December 2019

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Dealings in Shares (Securities)

Section 1043A of the Corporations Act 2001 specifically deals with prohibited conduct by persons in possession of inside information.

“Inside information” is defined in Section 1042A as information that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of particular securities.

Section 1043A is summarised as:

A person (“the insider”) possesses inside information; and

the insider knows, or ought reasonably to know, that:

- (i) the information is not generally available; and
- (ii) if it were generally available, it might have a material effect on the price or value of particular securities.

The following prohibitions apply:

Section 1043A – the insider must not (whether as principal or agent);

- (a) apply for, acquire or dispose of, or enter into an agreement to apply for, acquire or dispose of any such securities; or
- (b) procure another person to apply for, acquire or dispose of, or enter into any agreement to apply for, acquire or dispose of, any such securities.

Section 1043A(2) – the insider must not, directly or indirectly, communicate any information or cause the information to be communicated, to another person the insider knows, or ought reasonably to know, that the other person would or would be likely to:

- (a) apply for, acquire or dispose of, or enter into an agreement to apply for, acquire or dispose of any such securities; or
- (b) procure a third person to apply for, acquire or dispose of or enter into an agreement to apply for, acquire or dispose of, any such securities.

In summary, any person who possesses inside information is required by the Corporations Act not to use that information to deal in securities, either for personal gain or for the gain of any other person.

Civil Penalties for non-compliance are:

For an **individual**, the greater of:

- 5,000 penalty units* which is equivalent to \$1.05 million
- or three (3) times the value of the benefit derived or the detriment avoided because of the contravention
- or both.

For a **body corporate**, the greater of:

- 50,000 penalty units* which is equivalent to \$10.05 million
- or three (3) times the value of the benefit derived or the detriment avoided because of the contravention
- 10% of the company's annual turnover up to a maximum of \$525 million (2.5 million penalty units) for the 12 month period at the end of the month in which the company committed or began committing, the offence.

*A Penalty Unit is currently valued at \$210 – until 1 July 2020.

Unlimited civil liability with the possibility of criminal penalties if the individual or body corporate can be shown to have acted recklessly or dishonestly.

Listing Rule Requirements

ASX Listing rule 12.9 requires each listed entity to have a trading policy specifying, amongst other things, fixed periods when its key management personnel are prohibited from trading in the entity's securities.

Policy

1. Key Management Personnel of the Company must not deal in any GUD security during the following periods ("**prohibited periods**"):
 - (a) the period commencing on the 15th of the month in which the Company's financial year-end occurs, and ending on the date which is two (2) days after release of the company's financial statements for that year end, to the ASX.
 - (b) the period commencing on the 15th of the month in which the Company's interim financial half-year-end occurs, and ending on the date which is two (2) days after release of the Company's interim financial statements for that half year, to the ASX.
 - (c) any other period determined by resolution of the Board.
2. The prohibitions contained in clause 1 do not apply to **excluded trading**.
3. A Key Management Person may seek the approval of the Chairman to deal in any GUD security during a prohibited period, in **exceptional circumstances** and subject to the following conditions:
 - (a) the request must be in writing signed by the Key Management Person;
 - (b) the request must state the nature and extent of the proposed dealing in GUD securities;
 - (c) the request must state the exceptional circumstances which apply at the time and provide supporting evidence to the reasonable satisfaction of the Chairman;
 - (d) the Chairman has complete discretion in deciding whether or not approval is to be given, and the period (not to exceed one month) in which the dealing may occur;
 - (e) the Chairman will give his determination in writing to the requesting Key Management Person and, if approval is given, will provide a copy of that approval to the Company Secretary;
 - (f) where the Key Management Person is the Chairman, then clause 3 (a) to (e) must be read replacing the word "Chairman" with "Managing Director".
4. Subject to the Corporations Act, a Key Management Person or employee, or their associates may:
 - (a) deal in any GUD security (provided the person is not in possession of inside information relating to that security)
 - i. during the period two (2) days after release and ending thirty (30) days after release of information of a financial nature to the ASX. Such releases may include annual, half yearly, and, if required, quarterly ASX releases, and any ASX release of an address made to shareholders at an Annual General Meeting; or
 - ii. otherwise:
 1. if that person is a Key Management Person or their associate, during any period which is not a prohibited period or a period referred to in clause 4(a)i. of this Policy, with the consent of the Chairman; or
 2. if that person is an employee or an associate of an employee (not being a Key Management Person), during any period which is not a prohibited period or a period referred to in clause 4(a)i. of this Policy, with the consent of the Managing Director or the Company Secretary.

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- (b) Acquire GUD securities by conversion of existing securities.
- (c) Acquire securities under a bonus issue or dividend reinvestment, rights issue or top-up plan that is available to all security holders of the same class.
- (d) Acquire or agree to acquire securities under a company's sponsored share or option plan.

Definitions in this policy:

exceptional circumstances	includes severe financial hardship, court order or court enforceable undertaking, or other exceptional circumstances determined by resolution of the Board
excluded trading	includes any of: <ul style="list-style-type: none">• transfers of GUD securities already held into a superannuation fund or other saving or investment scheme in which the Key Management Person is a beneficiary• undertakings to accept, or the acceptance of, a takeover offer or offer under a scheme of arrangement• dealing under an offer or invitation made to all or most of the GUD security holders in the nature of 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• the exercise (but not the sale of securities following upon exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security• any other circumstances determined by the Board and notified to the ASX
Key Management Personnel	has the meaning given in Accounting Standard AASB 124 Related Party Disclosure, and Key Management Person is to be construed accordingly
prohibited periods	has the meaning given in clause 1 of this Policy

Director's Obligation on Acquisition or Disposal of Securities or on Ceasing to be a Director of the Company

Under the ASX Listing Rules, a Director must notify the Company Secretary of the acquisition or disposal of any GUD security and the Company is obliged to notify the ASX (LR 3.19A).

Information to be provided concerning security transactions includes:

- (a) Appendix 3X – Initial Director's Interest Notice
- (b) Appendix 3Y – Change of Director's Interest Notice
- (c) Appendix 3Z – Final Director's Interest Notice

This information is to be forwarded to the Company Secretary.

Each Director is required to enter into a Disclosure Agreement with the Company to supply such information.

Updated 19 December 2019