



VALMEC



DELIVERING VALUE

www.valmec.com.au

3 September 2014

Company Announcement Office
Australian Securities Exchange Limited

Dear Sir/Madam

Re: Securities Trading Policy

The Company advises that it has updated and amended its Securities Trading Policy. In accordance with listing rule 12.10, a copy of the new Securities Trading Policy applicable as of 1 September 2014 is attached.

Yours sincerely,

Ranko Matic
Non-Executive Director
Company Secretary



CORPORATE GOVERNANCE

Securities Trading Policy

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1. PURPOSE

1.1. Scope of This Document

This document summarises the law relating to insider trading and sets out Valmec's trading policy on buying and selling securities of Valmec Limited ("Securities").

1.2. Who Does The Trading Policy Apply To?

Valmec's Board of Directors has adopted this trading policy which applies to all directors, officers and other key management personnel of Valmec ("KMP").

It is important to remember that although this trading policy only applies to the persons specified above, the insider trading prohibitions set out in the Corporations Act 2001 (Cth) ("Corporations Act") and discussed in Part 2 below, apply to all persons (including members of your family).

1.3. Further Advice

If you do not understand the summary of the law relating to insider trading set out below or this trading policy, or if you are confused as to whether the law applies to you, please contact Valmec's Company Secretary. You may wish to seek your own professional legal advice before dealing in Valmec's Securities.

2. THE CORPORATIONS ACT

2.1. The Insider Trading Prohibitions

If you have Inside Information (see paragraph 2.2 below) relating to Valmec it is illegal for you to:

- a) Deal in (i.e. apply for, acquire or dispose of) Valmec's Securities or enter into an agreement to do so; or
- b) Procure another person to apply for, acquire or dispose of Valmec's Securities or enter into an agreement to do so; or
- c) Directly or indirectly communicate, or cause to be communicated, that information to any other person if you know, or ought reasonably to know, that the person would or would be likely to use the information to engage in the activities specified in paragraphs (a) or (b).

These prohibitions apply equally to the application for, grant, exercise or transfer of an option over Valmec's Securities.

It does not matter how or in what capacity you become aware of the Inside Information. It does not have to be obtained from Valmec to constitute Inside Information.

You cannot avoid the insider trading prohibition by arranging for a member of your family or a friend to deal in Valmec's Securities nor may you give "tips" concerning Inside Information relating to Valmec to others, including customers.

2.2. What Is Inside Information?

Insider trading means buying or selling shares or other securities on the basis of price sensitive information that is not generally available to others. It includes procuring or inducing another person to buy or sell securities about which insider information is known.

Information is regarded as being likely to have a material effect if it would, or would be likely to, influence persons who commonly invest in securities or other traded financial products in deciding whether or not to deal in Valmec's Securities.

To illustrate the prohibition described above, the following are possible examples of information which, if it were made public, may be regarded as price sensitive:

- a) Valmec considering a major acquisition or disposal of assets;
- b) The threat of major litigation against Valmec;
- c) Changes in Valmec's actual or anticipated financial condition;
- d) A significant new business development;
- e) The likely granting, or loss, of a major contract or government approval;
- f) A proposed dividend or change in dividend policy;
- g) A proposed new share issue;
- h) Or a significant change in senior management.

2.3. When Is Information Generally Available?

Information is generally available if:

- a) It consists of readily observable matter or deductions;
- b) It has been brought to the attention of investors through an announcement to the Australian Stock Exchange Limited ("ASX") or otherwise brought to the attention of investors in securities, and a reasonable period has elapsed since it was announced or brought to investors' attention; or
- c) It consists of deductions, conclusions or inferences made or drawn from information referred to in paragraphs (a) or (b) above.

Examples of possible readily observable matters are:

- a) A change in legislation which will affect Valmec's ability to make certain types of investments; or
- b) A severe downturn in global securities markets.

2.4. What Are The Consequences If You Breach The Insider Trading Prohibitions?

Insider trading is a criminal offence, for which a contravention could result in a jail, with the monetary value of the fine differing for a corporation or an individual.

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

Breach of the law or this trading policy or both will also be regarded by Valmec as serious misconduct which may lead to disciplinary action or dismissal.

3. VALMEC'S TRADING POLICY

3.1. What Does This Trading Policy Apply To?

This trading policy applies to all information relating to Valmec's Securities.

3.2. General Prohibitions

If you possess Inside Information concerning Valmec's Securities, you must not:

- a) Deal in Valmec's Securities or enter into an agreement to do so;
- b) Procure another person to do anything specified in paragraph (a); or
- c) Pass on that information to anyone who is likely to engage in the activities specified in paragraphs (a) or (b) above.

These general prohibitions are overriding obligations and apply at all times, despite all other terms of this trading policy.

3.3. Trading Blackouts

All KMP are prohibited from trading in Valmec Securities during trading blackout periods. Trading blackout periods will exist from the balance date until the first trading day after the Company's annual or half-yearly results have been released to the ASX; and in any other period designated by the Board. ("Restricted Periods")

In addition, should any individual gain access to new price sensitive, non-public information at any time, such an individual would be prohibited from trading.

3.4. Prior Notification

If any KMP propose to deal in Valmec's Securities (which includes entering into an agreement to deal) outside a restricted period they must first:

- a) Complete and forward a "Notification Form to Deal in Valmec's Securities" in the form of Part A of Schedule 1 to the "Notification Officer(s)" (as defined in Schedule 2); and
- b) Receive confirmation in the form of Part B of Schedule 1 signed by the Notification Officer(s) in their discretion to allow them to deal in Valmec's Securities.

The notification must state that the proposed dealing in Valmec's Securities is not as a result of access to, nor the receipt of, Inside Information.

Notification of any dealing in Valmec's Securities under this paragraph and the completion of Part B of the Notification Form to Deal in Valmec's Securities does not constitute approval of the dealing by or on behalf of Valmec.

3.5. Confirmation

In addition to providing advance notice under paragraph 3.4, KMP must confirm in writing to the relevant Notification Officer(s) when the dealing in Valmec's Securities has occurred, the number of Securities affected and the relevant parties to the dealing.

3.6. Trading With Permission

If there are:

- a) Exceptional circumstances; and
- b) The person concerned declares that they do not possess any Inside Information, then approval may be given by the Notification Officer in their discretion to allow any KMP to deal outside a trading window.

Any such approval must be obtained in advance. It cannot be given after the event.

A dealing for which approval is given remains subject to the notice requirements of paragraphs 3.4 and 3.5.

3.7. Extension of Trading Policy

The Board of Directors may also from time to time extend this trading policy by specifying that KMP are also restricted from dealing in the Securities of other specified companies with which Valmec may have a close relationship.

4. CONFIDENTIAL INFORMATION

You should treat all sensitive, non-public information about Valmec as confidential and proprietary to Valmec. You may not disclose such information to others (such as family members, relatives, business or social acquaintances) who do not have a legitimate need for such information for business reasons. You must treat all such information carefully and avoid inadvertent or indirect disclosure of it. Even within Valmec, confidential information should be distributed to or discussed with others only on a need-to-know basis, and those people should be told that the information is confidential. Be careful that your conversations are not overheard in elevators, aeroplanes or other public places; do not leave confidential documents on conference tables, desks or otherwise unguarded; and take whatever steps are reasonably necessary to keep confidential information from being disclosed.

5. SCHEDULE 1**PART A**

I would like to trade in Valmec shares and understand that before I do so I need to receive a PART B back from yourself and that after my trading I will need to provide written details of the trade undertaken, specifically the number of Securities and the relevant parties to the dealing.

I hereby state that this request to trade in Valmec's Securities is not as a result of access to, nor the receipt of, Inside Information.

Signed

Print Name

PART B

Your application to trade has been received and accepted. Please note that trading activity needs to be completed by and that on completion of the trade details need to be provided to myself on the number of Securities and the relevant parties to the dealing.

6. SCHEDULE 2**NOTIFICATIONS OFFICER(S)**

Please contact the Managing Director in the first instance and in his absence, the Chairman and failing that, the Company Secretary.

Other Notifications Officers will be nominated should the need arise.

7. SCHEDULE 3 – VALMEC LIMITED’S TRADING POLICY

Please sign the following and return to the Notifications Officer for filing in your personnel file.

I have read the Valmec Limited trading policy as set out in this document and understand my obligations not to trade in Valmec shares when holding sensitive or privileged information and that general restrictions, to my ability to trade, are being applied to ensure these requirements are complied to.

I acknowledge that I can only trade in Valmec shares when valid trading windows exists as notified to me from time to time by the Notifications Officer and that I must complete the relevant form in Schedule 1 Part A and receive confirmation in the form of Schedule 1 Part B before any trading activity is under taken.

Signed

Print Name

Address