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## **Emmerson Resources Limited – Securities Trading Policy**

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## 1 PREAMBLE

- 1.1 Insider trading is where a person, who has information not available to the market, trades in shares.
- 1.2 Australian law prohibits insider trading.
- 1.3 The Listing Rules of the Australian Securities Exchange (“**ASX**”) require the Company to have a Securities Trading Policy that complies with the Listing Rules and the Corporations Act 2001 (Cth).
- 1.4 This document sets out the Company's policy on the sale and purchase of securities in the Company by its Directors, employees (including Key Management Personnel) and contractors.
- 1.5 The purpose of this policy is to assist Directors, employees (including Key Management Personnel) and contractors to comply with the Corporations Act and ASX Listing Rules when they trade in the Company's securities and to avoid conduct known as ‘insider trading’. In some respects, this policy extends beyond the strict requirements of the Corporations Act and the ASX Listing Rules.
- 1.6 Directors, employees and long term contractors are encouraged to be long-term holders of the Company's securities. However, it is important that care is taken in the timing of any purchase or sale of such securities.
- 1.7 Public confidence in the Company can be eroded if there is insufficient understanding about the Company's policies governing trading by persons who may hold inside information.

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## 2 WHAT TYPES OF TRANSACTIONS ARE COVERED BY THIS POLICY?

- 2.1 This policy applies to both the sale and purchase of any securities of the Company.

Currently the securities of the Company are:

- 2.1.1 shares in the Company listed on the ASX;
- 2.1.2 options to acquire shares in the Company, not listed on the ASX;
- 2.1.3 rights to acquire shares in the Company, not listed on the ASX; and
- 2.1.4 any financial products issued or created over the Company's securities by third parties.

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## 3 WHAT TYPES OF TRANSACTIONS ARE EXCLUDED FROM THIS POLICY?

- 3.1 This policy does not apply to the trading of Company securities in relation to the following transactions:



- 3.1.1 where there is no change in beneficial interest (e.g. transfer to a self managed superannuation fund where the security owner is a beneficiary of the fund);
- 3.1.2 the exercise (but not the sale of securities following exercise) of an option or a right under the Company's Incentive Option Scheme or Performance Rights Plan;
- 3.1.3 acquisition of securities under a bonus issue made to all holders of securities of the same class;
- 3.1.4 acquisition of securities under a dividend reinvestment, or top-up plan that is available to all holders of securities of the same class;
- 3.1.5 withdrawal of ordinary shares in the Company held on behalf of the employee in an employee share plan where the withdrawal is permitted by the rules of that plan;
- 3.1.6 an investment in, or trading 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 investing at the discretion of a third party;
- 3.1.7 where the Director or employee is a trustee, trading in the security of the Company by that trust provided the Director or employee is not a beneficiary of the trust and any decision to trade is taken by the other trustees or by the investment managers independently of the Director or employee;
- 3.1.8 undertakings to accept, or the acceptance of, a takeover offer; and
- 3.1.9 trading 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 distribution reinvestment plan and an equal access buy-back, when 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.

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## 4 WHAT IS INSIDER TRADING?

In broad terms, a person will be guilty of insider trading if that person possesses information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of the Company's securities (i.e. information that is 'price sensitive'), and that person:

- (a) buys or sells securities in the Company; or
- (b) procures someone else to buy or sell securities in the Company; or
- (c) passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities of the Company.

Insider trading is a criminal offence. It may also result in civil liability.

### 4.1 Examples

To illustrate the prohibition described above, the following are possible examples of price sensitive information which, if made available to the market, may be likely to affect materially the price of the Company's securities:

- 4.1.1 the Company (or one of its joint venture partners) has a significant exploration drill intercept or exploration discovery on a mineral tenement that the Company has an interest in;
- 4.1.2 the granting, disposal or loss of a significant mineral tenement or group of tenements;
- 4.1.3 the granting of or withdrawal from the Company of a licence to mine (or other such like permit) in relation to a mineral deposit;
- 4.1.4 the Company is considering a major acquisition or disposal of assets or entering a major joint venture or partnering opportunity;
- 4.1.5 the Company's ore resource or reserve calculations materially exceed (or fall short of) the markets expectations (i.e. Resource or Reserve significant upgrade or significant downgrade);
- 4.1.6 the threat of major litigation against the Company;
- 4.1.7 sales and profit results materially exceeding (or falling short of) the market's expectations;
- 4.1.8 a material change in debt, liquidity or cash flow;
- 4.1.9 management or business restructuring proposal; and
- 4.1.10 a share issue proposal.



## 4.2 Dealing through third parties

A person does not need to be a Director, employee or contractor of the Company to be guilty of insider trading in relation to securities in the Company. The prohibition extends to dealings by Directors, employees or contractors through nominees, agents or other associates, such as family members, family trusts and family companies (referred to as “**Associates**” in this policy).

## 4.3 Information however obtained

It does not matter how or where the person obtains the information – it does not have to be obtained from the Company to constitute inside information, i.e. it could be obtained from contractors, sub-contractors or any other source.

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# 5 TRADING IN THE COMPANY’S SECURITIES

## 5.1 Closed Period

**Directors, employees and contractors are prohibited from buying or selling Company securities during a “Closed Period” designated in accordance with this policy.**

5.1.1 The “**Closed Period**” for any Director, employee or contractor to buy or sell Company securities is:

- (a) 14 days before the release of each quarterly Activities Report, half yearly results, full year results, and one day immediately following such release.
- (b) one day immediately following the release of any price sensitive market release lodged with ASX.

5.1.2 If a Director, employee or contractor of the Company is in possession of price sensitive information which is not generally available to the market (i.e. has not been announced to the ASX by the Company), then they must not deal in the Company’s securities at any time, regardless of whether the transaction would take place outside a Closed Period.

## 5.2 Variation to length of Closed Period

The Company may at its discretion vary the length and timing of any Closed Period by general announcement to all employees either before or during the Closed Period, such announcement will be communicated by the Company Secretary.

## 5.3 No short-term trading in the Company’s securities

5.3.1 Directors, employees or contractors must not engage in Short Term Trading of the Company’s securities except for the exercise of options or rights where the underlying Shares will be sold shortly thereafter.



5.3.2 For the purpose of this Policy “**Short Term Trading**” is defined as purchasing, then re-selling the same securities within a 12 month period.

#### **5.4 Buying or selling securities in other companies**

Buying and selling securities of other companies with which the Company may be dealing or is party to a joint venture, farm-in farm-out or any other agreement is prohibited where an individual possesses information which is not generally available to the market and is considered 'price sensitive'. For example, where an individual is aware that a joint venture partner of the Company is about to announce a significant exploration discovery, they must not buy securities in either the joint venture company or the Company. Likewise if the Company was about to announce a significant exploration discovery in an area held by another company (joint venture partner), or an area owned by the Company that was contiguous or nearby a mineral tenement held by another company then they must not buy shares in that other company.

#### **5.5 Directors and Key Management Personnel**

Written approval is required to be obtained by all Directors and Key Management Personnel prior to buying or selling Company securities.

##### **5.5.1 Approval Requirements – Directors**

5.5.1.1 Any Director wishing to buy, sell or exercise options or rights in relation to the Company's securities must obtain the prior written approval of the Chairman of the Board before doing so.

5.5.1.2 If the Chairman wishes to buy, sell or exercise options or rights in relation to the Company's securities the Chairman must obtain the prior written approval of all of the other members of the Board before doing so.

##### **5.5.2 Approval Requirements – Key Management Personnel**

5.5.2.1 Any Key Management Personnel wishing to buy, sell or exercise options or rights in relation to the Company's securities must obtain the prior written approval of the Chief Executive Officer or the Company Secretary before doing so.

5.5.2.2 For the purpose of this policy, “**Key Management Personnel**” are defined as:

- (a) any first line reports of the Chief Executive Officer and their direct reports; and
- (b) any other person designated by the Chief Executive Officer as Key Management Personnel on the basis that they have authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.



### 5.5.3 **Approvals to buy or sell securities**

- 5.5.3.1 All requests to buy or sell securities must include the intended volume of securities to be purchased or sold and an estimated time frame for the sale or purchase.
- 5.5.3.2 Copies of written approvals must be forwarded to the Company Secretary prior to the approved purchase or sale transaction.

### 5.5.4 **Director and Key Management Personnel sales of securities**

Directors and executives 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 (i.e. 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 Director, the Chief Executive Officer or other Key Management Personnel shall be discussed with the Board and the Company's legal and financial 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.

## **5.6 Exemption from Closed Period restriction - exceptional circumstance**

A Director, employee or contractor who is not in possession of inside information in relation to the Company, may be given prior written approval by the Chief Executive Officer (or in the case of a Director the Chairman, or in the case of the Chairman all of the other members of the Board) to sell or otherwise dispose of Company securities during a Closed Period where the person is in severe financial hardship or where there are exceptional circumstances as set out in this policy.

### 5.6.1 **Severe Financial Hardship or Exceptional Circumstances**

- 5.6.1.1 The determination of whether a Director, employee or contractor is in severe financial hardship will be made by the Chief Executive Officer in the case of employees, the Chairman in the case of a Director, and all of the Board in the case of the Chairman.
- 5.6.1.2 A financial hardship or exceptional circumstances determination can only be made by examining all of the facts and if necessary obtaining independent verification of the facts from banks, accountants or other like institutions.



#### Financial Hardship

- 5.6.1.3 A Director, employee or contractor may be in severe financial hardship if they have a pressing financial commitment that can not be satisfied other than by selling the securities of the Company.
- 5.6.1.4 In the interests of an expedient and informed determination by the Chief Executive Officer, Chairman or Board of Directors, any application for an exemption allowing the sale of Company securities during a Closed Period based on Financial Hardship must be made in writing, be accompanied by a statutory declaration stating all of the facts and be accompanied by copies of relevant supporting documentation, including contact details of the persons accountant, bank and other such independent institutions.
- 5.6.1.5 Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

#### Exceptional Circumstances

- 5.6.1.6 Exceptional Circumstances may apply to the disposal of Company securities by a Director, employee or contractor if the person is required by a court order, a court enforceable undertaking for example in a bona fide family settlement, to transfer or sell securities of the Company or there is some other overriding legal or regulatory requirement to do so.
- 5.6.1.7 Any application for an exemption allowing the sale of Company securities during a Closed Period based on Exceptional Circumstances must be made in writing and be accompanied by relevant court and/or supporting legal documentation.
- 5.6.1.8 Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

### **5.7 Collateralisation of the Company's Securities (Margin Lending)**

- 5.7.1 The Company has an obligation under the ASX listing Rules (rule 3.1B) to provide to the ASX with any information in relation to any "false market" that may exist or be likely to exist for the securities of the Company.
- 5.7.2 The existence and terms of any finance arrangements that may be in place in relation to Director, employee or contractors shareholdings (for example, margin loans), may be precipitous to the existence of a false market in the securities of the Company where a Director has entered into the margin loan or similar funding arrangements, for a material number of securities where such financing may allow the financier to unilaterally sell securities of the Company.





- 5.7.3 The ASX has advised Companies that listing rule 3.1 in appropriate circumstances, may operate to require the Company to disclose the key terms of the arrangements, including the number of securities involved, the trigger points, the right of the lender to sell unilaterally and any other material details.
- 5.7.4 Whether a margin loan arrangement is material under listing rule 3.1 is a matter which the Company must decide having regard to the nature of its operations and the particular circumstances of the Company
- 5.7.5 Whilst the Company does not wish to unnecessarily request that Directors, employee's or contractors disclose their personal financial arrangements, it is a requirement of Directors, employee's and contractors that they notify the Company (via the Company Secretary) of the key terms of arrangements pertaining to any financing of securities of the Company which they have an interest in where it is reasonable to expect that the terms and conditions of such financing may result in the unilateral selling of the securities.

## **5.8 Incentive Option Scheme and Performance Rights Plan**

The Company currently operates an Incentive Option Scheme and a Performance Rights Plan, accordingly participants in these plans should note:

- 5.8.1 It is not permissible to provide the exercise price of options or rights by selling the shares acquired on the exercise of these options and/or rights unless the sale of those shares occurs outside a Closed Period specified in paragraph 5.1; and
- 5.8.2 where the exercise price of options or rights is being provided by a margin loan or other form of lending arrangement then there may be a risk that the employee or Director 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.
- 5.8.3 Were this to occur at a time when the person possessed inside information then the sale of Company securities may 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 be unlikely to breach insider trading laws.



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## **6 ASX AND OTHER SECURITIES EXCHANGES NOTIFICATION FOR DIRECTORS**

- 6.1** The ASX Listing Rules require the Company to notify ASX within 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 the securities of the Company. The Company has made arrangements with each Director to ensure that the Director promptly discloses to the Company Secretary all the information required by ASX. A copy of the required form is attached to this policy.

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## **7 EFFECT OF COMPLIANCE WITH THIS POLICY**

- 7.1** 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 and other company's securities.

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## **8 ADDITIONAL INFORMATION**

- 8.1** If you are unsure of your situation with respect to share trading or if you have any questions arising from this policy, you may contact one of the persons listed below.

Trevor Verran  
Chief Financial Officer  
Ph. (08) 9381 7838  
[tverran@emmersonresources.com.au](mailto:tverran@emmersonresources.com.au)

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