

Via ASX Online
ASX Market Announcements Office
ASX Limited

11 November 2013

Easton Investments Limited (ASX:EAS) Updated Securities Trading Policy

Easton Investments Limited (the “Company” or “EAS”) recently reviewed its Securities Trading Policy. An updated Securities Trading Policy can be found in the corporate governance section of the EAS website (<http://www.eastoninvest.com/about/corporate-governance/>).

In accordance with ASX Listing Rule 12.10 the updated policy is attached.

For further information, please contact:

Mark Licciardo

Company Secretary
Ph: 03 8689 9997

1. INTRODUCTION

The Board of Directors of Easton Investments Limited (the Company) has adopted this policy to regulate trading in the Company's securities by employees of the Company.

The objectives of this policy are to:

- (a) satisfy rule 12.9 of the ASX Listing Rules and to ensure that the Company and its employees continue to adhere to high standards of corporate conduct and governance;
- (b) facilitate compliance with the insider trading prohibitions contained in Part 7.10 of the *Corporations Act 2001 (Cth)* by explaining the type of securities trading conduct that is prohibited;
- (c) establish when and under what circumstances employees of the Company may deal in the Company's securities, and to otherwise establish best practice procedures for dealing in securities that provides protection to both the Company and its employees against inadvertently breaching the law; and
- (d) manage reputational risk associated with insider trading.

2. DEFINITIONS

In this policy, unless the context otherwise requires:

Associate means, in relation to an Employee, the spouse, partner, parents, and children of the Employee, and entities controlled by the Employee;

ASX means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires;

ASX Listing Rules means the listing rules of ASX applicable to the Company from time to time;

Board means the Board of Directors of the Company;

Chairman means the Chairman of the Board;

Closed Period means any time other than during a Trading Window;

Company means Easton Investments Limited ACN 111 695 357;

Company Secretary means the Company Secretary of the Company;

Corporations Act means the *Corporations Act 2001 (Cth)*;

Director means any Director of the Company and their Associates;

EAS Securities means Shares in the Company and other Securities over or relating to those Shares;

Employee means a person who is:

- (a) a Director or Officer or Company Secretary of the Company or any of its subsidiaries or other controlled entities;
- (b) a full-time, part-time or casual employee of the Company or any of its subsidiaries or other controlled entities; and

- (c) a consultant of the Company or any of its subsidiaries or other controlled entities who are deemed to be employees in the context of this policy and who have been specifically nominated to be subject to restrictions in relation to price sensitive information.

Group means the Company and its controlled entities;

Prohibited Period means any Closed Period or other period notified to Employees and determined by the Board as an additional Prohibited Period during which Employees must not deal in EAS Securities because the Company is considering matters which are subject to ASX Listing Rule 3.1A.

Securities means Shares, options, performance rights and other securities issued by the Company which are convertible into Shares;

Shares means ordinary shares of the Company;

Trade or **Trading** means:

- (a) buying or selling Securities;
- (b) entering into an agreement to buy or sell Securities; or
- (c) exercising options, rights or awards to acquire Securities.

Trading Window means any period other than a Closed Period or Prohibited Period.

This policy is subject to the Corporations Act. In this policy, unless the context otherwise requires:

- (a) a term in a clause about a matter dealt with by a provision of the Corporations Act has the same meaning as in that provision of the Corporations Act; and
- (b) a term in a clause that is defined in section 9 of the Corporations Act has the same meaning as in that section.

3. WHO DOES THIS POLICY APPLY TO?

This policy applies to all Employees.

All Employees must take all reasonable steps to ensure that their Associates do not deal in EAS Securities when they are prohibited from doing so, even during a Trading Window, due to their involvement in a market sensitive matter.

4. TRADING WINDOWS

All Trading in EAS Securities by Employees must be in accordance with this policy and generally will only be permitted during Trading Windows and must not occur during any Closed Period or Prohibited Period.

No Trading in EAS Securities may occur outside of Trading Windows without the prior written permission of the Chairman (or an officer of the Company designated by the Chairman), unless an exception under clause 6 of this policy applies.

The laws prohibiting insider trading continue to apply to Employees during a Trading Window so that they must not trade if they possess any inside or price sensitive information.

The Trading Windows during which Employees will be permitted to Trade EAS Securities will be notified by the Company Secretary via email to Employees. Employees should also check with their manager or the Company

Secretary to confirm that a Trading Window is open before contemplating Trading in EAS Securities. The Trading Windows will generally be open at the following times:

- (a) for the period commencing on the trading day following the market release by the Company of its Preliminary Final Report (annual financial results) to the ASX up to 31 December (of each year);
- (b) for the period commencing on the trading day following the market release by the Company of its Interim Directors' Report and Financial Report (half year financial results) to the ASX up to 30 June (of each year); and
- (c) for all other periods except the two week period before, until the next business day after the holding of any general meeting of shareholders.

Notwithstanding the time periods described above, the Company may declare a Trading Window closed at any time at its absolute discretion and without prior notice if, in the opinion of the Board, certain Employees are in possession of market sensitive information relating to the Group.

5. INSIDER TRADING PROHIBITIONS

Prohibited Conduct

The Corporations Act prohibits insider trading. That is, if you are aware of any price sensitive information:

- (a) you must not deal in any securities which are affected by the price sensitive information; and
- (b) you must not procure another person to deal in those securities.

Additionally, the communication of price sensitive information for the purpose of someone else dealing in securities is prohibited. You must not communicate price sensitive information, or cause it to be communicated, to someone else, if you know, or ought reasonably to know, that that person would be likely to deal in the relevant securities or to procure another person to do so.

Price sensitive information need not relate to the Company. It could relate to any entity, e.g. a customer, a joint venture party or someone with whom the Company is discussing future opportunities. Therefore, if you become aware that the Company is about to sign a major agreement with another company, you should not buy shares in either company.

The insider trading prohibitions apply even where you would not make a profit from the dealing. If you are in possession of price sensitive information about particular securities (good or bad) you must not deal, or tell anyone else about the information knowing he or she is likely to deal, in those securities, whether or not you would benefit financially. Your purpose or motive is irrelevant in determining liability for insider trading or communicating price sensitive information. It is also irrelevant that you may have been planning to deal for some time before becoming aware of the price sensitive information.

No permission from anyone in the Company can absolve you of these prohibitions.

Key Terms

The following are definitions of key terms in relation to insider trading.

Price sensitive information is information which is confidential or otherwise not generally available to investors and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of the relevant securities.

Information is defined broadly and includes matters of supposition and other matters which are insufficiently definite to warrant being made known to the public. It also includes matters relating to the intentions of a person.

Information will be 'generally available' if it has been released to ASX, published in an annual report or a prospectus, included in meeting materials despatched to shareholders or otherwise made known in a manner likely to bring it to the attention of investors, and since it was made known a reasonable period for the information to be disseminated among investors has elapsed. Information will also be generally available if it consists of deductions, conclusions or inferences made or drawn from 'generally available' information.

Information will be considered to be likely to have a material effect on the price or value of particular securities if the information would be likely to influence persons who commonly acquire securities in deciding whether or not to acquire or dispose of those securities.

You may at times come across price sensitive information through your work or contacts. Your status does not necessarily depend on this. For example, an assistant typing a document containing such information will be just as much in possession of that information as the executive concerned.

It is not possible to provide an exhaustive list of potentially price sensitive information, however, the following are some examples:

- mergers, acquisitions, takeover bids, or restructurings;
- securities offerings or buy-backs;
- a change in earnings or dividends (or estimates of same);
- significant new business products, discoveries, or services, or loss of any of them;
- a change in an issuer's credit rating by a rating agency;
- significant shifts in operating or financial circumstances such as cash-flow reductions, major write-offs, changes in accounting methods, or strikes at major plants;
- appointment of a receiver, administrator or liquidator;
- significant litigation or litigation developments; and
- government developments that could affect securities markets.

Dealing in securities is a broad concept and covers more than simply buying or selling securities on the ASX. It extends to applying for, acquiring, or disposing of, securities or entering into an agreement to do any of those things. For example:

- an off-market transfer of securities;
- an exercise of options or performance rights over shares;
- entering into a put option arrangement over shares;
- accepting an offer or invitation to acquire shares, options or rights under a share purchase plan or employee share ownership plan; or
- making an election to participate, or to cease participation, in a dividend reinvestment plan;

would constitute a dealing in securities for the purpose of the insider trading prohibitions.

Securities include shares, debentures, options, convertible notes, derivatives, interests in a managed investment scheme and any other financial products that are able to be traded on a financial market.

Relationship to the continuous disclosure regime

The continuous disclosure regime under the ASX Listing Rules requires the Company to tell the ASX about any price sensitive information concerning the Company immediately the Company becomes aware of the information, subject to limited exceptions.

Specifically, the ASX Listing Rules do not require disclosure of particular information while all of the following are satisfied:

- (a) a reasonable person would not expect the information to be disclosed;
- (b) the information is confidential and the ASX has not formed the view that the information has ceased to be confidential; and
- (c) one or more of the following applies:
 - it would be a breach of law to disclose the information;
 - the information concerns an incomplete proposal or negotiation;
 - the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - the information is generated for internal management purposes; or
 - the information is a trade secret.

As a result, there are circumstances in which disclosure of price sensitive information concerning the Company will not be required, and people who are aware of the information would breach the insider trading prohibition if they dealt in the shares before the information had been released to the ASX.

6. **ADDITIONAL TRADING RESTRICTIONS**

Closed Periods

There are certain fixed periods (**Closed Periods**) when information about the financial position or performance of the Company is being finalised for release to ASX, during which dealing in EAS Securities by Employees will generally be prohibited. The following Closed Periods apply for the purposes of this policy:

- (a) from 31 December (each year) until the next business day after announcement of the half-yearly financial results of the Company to the ASX;
- (b) from 30 June (each year) until the next business day after announcement of the annual financial results of the Company to the ASX; and
- (c) from 2 (two) weeks before, until the next business day after the holding of any general meeting of shareholders.

Prohibited Period

Employees are prohibited from dealing in EAS Securities during the following periods (**Prohibited Periods**):

- (a) a Closed Period; and
- (b) a period determined by the Board as an additional Prohibited Period during which Employees must not deal in EAS Securities because the Company is considering matters which may be deemed to be price sensitive as defined under the ASX Listing Rules.

Employees must also not enter into a transaction in relation to EAS Securities the purpose or effect of which is to limit or remove the economic risk relating to the Employee and his or her Associates' entitlement under an employee share ownership plan before the entitlement has vested or otherwise to

the extent the Board decides to restrict or prohibit the Employee from doing so. This prohibition extends to entering into agreements or other arrangements:

- (a) to short sell EAS Securities;
- (b) for stock lending in relation to EAS Securities; or
- (c) to hedge the future value of an existing holding of or entitlement to EAS Securities.

All Employees with an intention to Trade in EAS Securities during any Trading Window must obtain prior written permission in accordance with the following guidelines:

- (a) all main board Directors of the Company must seek approval from the Chairman;
- (b) the Chairman must seek approval from another main board Director of the Company; and
- (c) all Employees other than main board Directors must seek approval from the Managing Director.

Written permission must be requested and provided via email using the Notice of Intention to Trade in EAS Securities (see Annexure A).

Accordingly, an Employee may only deal in EAS Securities if the dealing is outside a Prohibited Period, the proposed dealing has been notified and approved as noted above and the Employee does not possess any price sensitive information affecting the relevant securities.

If a clearance is granted:

- (a) the clearance and any conditions must be recorded in writing, signed by or on behalf of the Company and provided to the Employee by hand delivery, post, facsimile transmission or email;
- (b) the Employee may deal in EAS Securities in accordance with the written clearance so provided; and
- (c) the clearance is for 14 calendar days from the date of receipt of written permission.

Should the intended dealing in EAS Securities not take effect within the 14 day clearance period then written permission to trade must be refreshed.

Should a Prohibited Period be determined by the Board during the 14 day clearance period then written communication via email will be sent to Employees who will be required to cancel outstanding trade orders immediately. Clearance is thus cancelled and must be reapplied for when the trading restriction is lifted.

Exceptions to Prohibited Periods

The following transactions are not prohibited if they occur during a Prohibited Period (but are subject always to insider trading laws):

- (a) a transfer of EAS Securities by an Employee or his or her Associate which results in no change in the beneficial interests in the transferred securities or which is to a company, trust or other scheme in which the transferor has a substantial interest;
- (b) a dealing by an Employee or his or her Associate in interests in a trust or other scheme (other than one only investing in EAS Securities) the assets of which are managed at the discretion of another person independently of any influence from the Employee;

- (c) a dealing in EAS Securities for or on behalf of a trust or scheme (other than one only investing in EAS Securities) in which an Employee or an Associate of the Employee is interested, where the decision to deal is made by another person independently of any influence from the Employee;
- (d) a dealing in EAS Securities due to the acceptance of an offer made under a takeover bid, under an agreement to accept such an offer or under any other agreement with the bidder;
- (e) a dealing in EAS Securities due to the acceptance of, or otherwise in accordance with, an offer or invitation relating to EAS Securities made to all or most shareholders of the Company (e.g. a rights offer, an offer or invitation under a share purchase plan or dividend reinvestment plan or an equal access buy-back offer) where the terms of the offer or invitation have been approved by the Board, or a dealing in EAS Securities under an agreement to underwrite or sub-underwrite such an offer or invitation. This includes, without limitation, making an election to participate, or to cease participation in, a dividend reinvestment plan and selling or otherwise disposing of rights granted under a renounceable rights offer;
- (f) an application for, or acquisition of, EAS Securities due to the acceptance of an offer or invitation relating to EAS Securities made under a prospectus or other disclosure document where the terms of the offer or invitation have been approved by the Board, or a dealing in EAS Securities under an agreement to underwrite or sub-underwrite such an offer or invitation;
- (g) an acquisition of shares in the Company due to the exercise of options or rights or the conversion of convertible securities, during a Prohibited Period where the last day for exercise or conversion falls during the Prohibited Period;
- (h) a dealing by an Employee or his or her Associate in EAS Securities due to the acceptance of, or otherwise in accordance with, an offer or invitation relating to EAS Securities made under an employee share ownership plan to the Employee where the terms of the offer or invitation have been approved by the Board; and
- (i) a disposal by an Employee or his or her Associate of EAS Securities acquired due to the exercise of options or rights or the conversion of convertible securities which were acquired under an employee share ownership plan, where the EAS Securities are disposed of within 14 days after having been acquired and the proceeds of the disposal are applied to repay bridging finance or other short-term funding obtained for the acquisition.

Clearance to trade in exceptional circumstances

An Employee may request a clearance to allow the Employee to deal in EAS Securities when the Employee would otherwise be prohibited from doing so under this policy.

A clearance will only be granted where the Board is satisfied that:

- (a) the Employee is experiencing severe personal financial hardship or there is another exceptional circumstance affecting the Employee and the proposed dealing is the only reasonable course of action available; and
- (b) the Employee is not in possession of any price sensitive information affecting the relevant EAS Securities.

A request for clearance to permit an Employee to deal in EAS Securities in exceptional circumstances must:

- (a) be in writing signed by the Employee;
- (b) set out details of the severe personal hardship or other exceptional circumstance warranting the clearance;

- (c) set out details of the proposed dealing in EAS Securities, including its type (e.g. whether sale or purchase), the number and class of EAS Securities the subject of the proposed dealing, the circumstances of the proposed dealing (e.g. whether by the Employee on ASX or between Associates) and the likely date or dates of the proposed dealing; and
- (d) confirm that the Employee does not possess any price sensitive information affecting the relevant securities.

The written request for clearance must be obtained in accordance with Clause 6 above. After receiving the request for clearance, further relevant information may be sought. Once all relevant information has been received, the request will be considered and the clearance may be granted (with or without conditions) or refused at the absolute discretion of the Board.

If a clearance in exceptional circumstances is granted:

- (a) the clearance and any conditions must be recorded in writing, signed by or on behalf of the Company and provided to the Employee by hand delivery, post, facsimile transmission or email;
- (b) the Employee may deal in EAS Securities in accordance with the written clearance so provided;
- (c) the clearance is for 14 calendar days from the date of receipt of written permission.

Should the intended dealing in EAS Securities not take effect within the 14 day clearance period then written permission to trade must be refreshed.

Should a Prohibited Period be determined by the Board during the 14 day clearance period then written communication via email will be sent to Employees who will be required to cancel outstanding trade orders immediately. Clearance is thus cancelled and must be reapplied for when the trading restriction is lifted.

Notification of dealing

An Employee must also promptly after dealing in any EAS Securities notify in writing details of the actual dealing including its type, when it occurred, the number and class of EAS Securities affected and the parties to the dealing (to the extent known). Refer to Annexure B – Notification of Trading in EAS Securities.

7. ADDITIONAL OBLIGATIONS ON DIRECTORS OF EASTON

Directors of the Company must comply with all requirements in the Corporations Act and the ASX Listing Rules in relation to notification of Trading in EAS Securities.

8. BREACH OF POLICY

Strict compliance with this policy is a condition of employment. The Board believes that any transgression of the securities trading laws could seriously damage the Company's reputation generally and relationships with key stakeholders specifically. Accordingly, adherence to this policy is vitally important, and any breach will be regarded very seriously (and may result in termination of employment or other engagement, where applicable).

Where the Board decides to terminate an Employee for breach, any share options and/or performance rights which have not vested with the Employee will also be cancelled in addition to any other benefits.

A breach of the insider trading laws would have serious consequences for Employees personally and for the Company. Employees can be subject to criminal liability such as a fine or imprisonment or civil liability

including a pecuniary penalty or an order to compensate any person who suffers loss or damage because of the conduct. It may also give rise to adverse public scrutiny and media comment.

9. AMENDMENT OF POLICY

This policy cannot be amended without the approval of the Easton Board. The Board may amend this policy at any time and in any manner, subject to complying with any requirements of the Corporations Act and the ASX Listing Rules which may apply in relation to the amendment.

If any Employee as defined under this policy is in doubt regarding proposed dealing in Securities and whether any potential transaction is contrary to the law, the rules and regulations of the ASX, or the Securities Trading Policy, that person should contact the Company Secretary.

ANNEXURE A – NOTICE OF INTENTION TO TRADE IN EAS SECURITIES

All Employees intending to Trade in EAS Securities must complete and submit this form to seek approval to Trade in accordance with this policy. **Trading in EAS Securities must not proceed until the approving officer has signed this form.**

Employee Name: _____

Employee Position: _____

Please answer the following questions and **sign and date** below. Submit the signed form to the Chief Financial Officer for the attention of the Managing Director or Chairman as appropriate under this policy.

Please circle
where applicable

1. Is there currently an open Trading Window? Yes / No
2. Is your intention to buy or sell EAS Securities? Buy / Sell
3. Are you in possession of market sensitive information not otherwise released to the ASX? Yes / No
4. Are you seeking clearance to Trade in exceptional circumstances? Yes / No

If yes to question 4, please provide further information below in support of your request (attach further information if more space required):

5. Are you seeking to Trade ON market or OFF market? On / Off
6. Please indicate the quantity of EAS Securities you are seeking to Trade. _____

If you have any doubt about whether you are in possession of market sensitive information or not, then you MUST NOT proceed to Trade in EAS Securities.

Approval is provided for 14 calendar days from the date approval is provided by the approving officer. You must seek re-approval if your intended trading is not completed within the approval period.

Employee Signature: _____ Date: _____

Approving Officer Signature: _____ Date: _____

Approving Officer Name: _____

ANNEXURE B – NOTIFICATION OF TRADING IN EAS SECURITIES

All Employees who have completed any Trading in EAS Securities must complete and submit this form within three (3) business days of any executed trades.

Employee Name: _____

Employee Position: _____

Please answer the following questions and **sign and date** below. Submit the signed form to the Chief Financial Officer for the attention of the Company Secretary.

Please circle
where applicable

- | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| 1. Did you buy or sell EAS Securities? | | Buy / Sell |
| 2. What was the date(s) of your Trading in EAS Securities and the quantities traded?
<i>If multiple trading days please specify dates of each transaction.</i> | Trade Date | Qty |
| | _____ | _____ |
| | _____ | _____ |
| | _____ | _____ |
| 3. Did you Trade ON market or OFF market? | | On / Off |
| 4. Was an Associate, an EAS Employee, or an Associate of an EAS Employee, a counterparty to the executed trade(s)?
<i>If so, please specify the name of the EAS Employee and/or Associate below</i> | | Yes / No |

Declaration

I confirm that the information provided in this form is an accurate representation of my trading in EAS Securities and the trading I have executed was in accordance with the EAS Securities Trading Policy.

Employee Signature: _____

Date: _____