

## **METAROCK GROUP LIMITED**

**("the Company")**

### **SECURITIES TRADING POLICY**

*This policy applies to Metarock Group Limited and all its related subsidiaries.*

**Note: insider trading obligations continue post-employment whilst you hold inside information**

#### **Objective**

1. This securities trading policy sets out the circumstances in which Directors, Key Management Personnel and other employees of the Company and its subsidiaries may deal in Company securities with the objective that no Director or employee will contravene the requirements of the Corporations Act or the ASX Listing Rules.

The objective of this policy is to ensure that:

- Directors and employees adhere to high ethical and legal standards in relation to their personal investment in Company securities; and
- Personal investments of Directors and employees do not conflict with the interests of the Company and other shareholders in relation to Company securities.

#### **Purpose**

2. The purpose of this policy is designed to protect the reputation of the Company and to ensure that such reputation is maintained or perceived to be maintained by persons external to the Company.
3. The policy is not designed to prohibit Directors and employees from investing in Company securities but does recognise that there may be times when Directors or employees cannot or should not invest in Company securities. The policy provides guidance to Directors and employees as to the times that Directors and employees may invest in the Company's securities.

#### **Outline of Corporations Act Requirements**

4. A Director or employee possesses "inside information" in relation to the Company where:
  - (a) the person possesses information that is not generally available and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of Company securities; and
  - (b) the person knows, or ought reasonably to know, that the information is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of Company securities.

A reasonable person would be taken to expect information to have a material effect on the price or value of Company securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to deal in Company securities in any way<sup>1</sup>.

5. If a Director or employee possesses "inside information" in relation to the Company, the person must not:
  - (a) deal in Company securities in any way; or
  - (b) procure another person to deal in Company securities in any way; or
  - (c) directly or indirectly, communicate the information, or cause the information to be communicated, to another person if the person knows, or ought reasonably to know, that the other person would, or would be likely to, deal in Company securities in any way or procure a third person to deal in Company securities in any way.
6. For the purposes of paragraphs (a) and (b) above:
  - (a) "Company securities" includes any shares in the Company, debentures (including convertible notes) issued by the Company, units of shares in the Company and options to acquire or subscribe for shares in the Company;
  - (b) to "deal" in Company securities includes subscribing for, purchasing or selling Company securities or entering into an agreement to do any of those things.
7. A Director or employee who deals in Company securities while they possess "inside information" will be liable to both civil and criminal penalties. The penalties are:
  - (a) in the case of a natural person, up to \$220,000;
  - (b) in the case of a body corporate, up to \$1.1 million; and
  - (c) unlimited civil liability equivalent to the damages caused.

### **Examples of "inside information"**

8. Examples of information which may be considered to be "inside information" include the details relating to the items listed below (this is not an exhaustive list):
  - (a) sales figures;
  - (b) profit forecasts;
  - (c) unpublished announcements;
  - (d) proposed changes in capital structure, including share issues, rights issues and the redemption of securities;
  - (e) borrowings;
  - (f) impending mergers, acquisitions, reconstructions, takeovers, etc;

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<sup>1</sup> Section 1043A Corporations Act.

- (g) significant litigation;
- (h) significant changes in operations or proposed changes in the general character or nature of the business of the Company or its subsidiaries;
- (i) new distributorships, products and technology;
- (j) liquidity and cashflow information;
- (k) major or material purchases or sales of assets (consideration exceeding \$10,000,000 should be treated as material);
- (l) management restructuring or Board of Directors changes;
- (m) new significant contracts or customers; and
- (n) a new entity proposing to buy, or a shareholder proposing to sell, a substantial number of shares in the Company.

### **Application of the Policy**

9. The policy applies to all Directors, all employees who are engaged in the management of the Company (whether as an employee, consultant or contractor) or who from time to time possess information that could be considered inside information or who are nominated as such by the Board of Directors (together "Key Management Personnel") and other employees, and to their respective associates (including a company or trust controlled by the Director or employee, a spouse, dependant children, a close relative, a person acting in concert with the Director or employee, etc).

### **Policy**

10. General Principles - Directors and employees of the Company and its subsidiaries should note the following general principles regarding their personal trading of Company securities:
- (a) avoid and be seen to avoid, actual or potential conflict between their personal interest and their duty to the Company and its shareholders;
  - (b) not to derive personal advantage from information which is not generally available and which has been obtained by reason of, or in the course of, their directorship or employment;
  - (c) seek prior approval of the Managing Director (or the Chairman in the case of the Managing Director and Non-executive Directors) to trade to ensure the Company's and shareholder's interests are not compromised;
  - (d) ensure any personal trading is on a scale that reflects your individual financial ability to fund and maintain an appropriately sized portfolio;
  - (e) ensure any personal trading does not adversely impact on your ability to perform normal duties;

- (f) not utilise broker credit - relevant exchange settlement terms must apply on all occasions and all transactions must be settled according to industry standards. Such prohibition does not extend to normal documented margin lending or loan facilities offered to the general public by brokers, banks or other lending institutions; and
- (g) Directors and employees who have access to price sensitive information or "inside information" should not conduct personal trading in Company securities.

11. Short term trading - Notwithstanding the following, Directors and employees of the Company and its subsidiaries should never engage in short term trading of any Company securities. In general, the purchase of securities with a view to resale within a 12 month period and the sale of securities with a view to repurchase within a 12 month period would be considered to be transactions of a "short term" nature. However, the sale of shares immediately after they have been acquired through the conversion of a security (eg. exercise of an option) will not be regarded as short term trading.

12. Trading windows - Subject to the below, the recommended time (in terms of avoiding suggestions of insider trading) for any Director or employee to deal in Company securities is during the four week period immediately after the:
- (a) date of the Company's AGM;
  - (b) release by the Company of its half yearly results announcement to ASX;
  - (c) release by the Company of its yearly results announcement to ASX; or
  - (d) release of a disclosure document offering equity securities in the Company,

PROVIDED that the person is NOT in possession of any inside information relating to those securities.

13. **Trading Embargo** - In addition, a "closed period" operates in respect of which Directors and employees are prohibited from dealing in Company securities during the two month period prior to release of the interim and full year results announcements. All holders of executive options are automatically regarded as being subject to this "closed period" restriction.
14. **Directors and Key Management Personnel** - A Director or Key Management Personnel may not deal in Company securities, or enter into transactions or arrangements which operate to limit the economic risk of their holdings of Company securities, without the prior consent of the Managing Director (or Chairman of the Board in the case of the Managing Director and Non-executive Directors) before commencing the transaction. A Director or Key Management Personnel must also provide the Managing Director (or Chairman of the Board in the case of the Managing Director and Non-executive Directors) with subsequent confirmation of the trading that has occurred. No prior consent is required prior to a Director or Key Management Personnel participation in a Dividend Reinvestment Plan.
15. **Designated Officers** - A Designated Officer being those persons so determined by the Board, are prohibited from entering into transactions or arrangements which operate to limit the economic risk of their holdings of Company securities.

16. Prudence will dictate that dealings should generally be limited to the recommended times referred to in paragraph 12 above and that the Chairman will generally refuse consent to deal in Company securities outside these recommended times unless exceptional circumstances exist. In any event, the Director or Key Management Personnel should not deal in Company securities at any time if the Director or Key Management Personnel is in possession of any inside information relating to those securities.
17. **Prohibited period** – A prohibited period includes any closed period and additional periods when Directors and Key Management Personnel are prohibited from trading which are imposed by the Board from time to time when the Company is considering matters which are subject to Listing Rule 3.1A (ie, exceptions to general continuous disclosure rule).
18. **Exceptional circumstances** – During any prohibited period Directors and Key Management Personnel may be permitted to trade with prior written clearance in exceptional circumstances which include:
  - (a) severe financial hardship;
  - (b) court order, such as in a family settlement;
  - (c) other circumstances specific to an individual which the Chairman (or, in the case of the Chairman, a Non-executive Director [preferably the chairman of the Audit & Risk Management Committee]) determines are exceptional.
19. The procedure for obtaining prior written clearance during a prohibited period requires the Director and Key Management Personnel to state a ‘request for approval of exceptional circumstances’ explanation, and duration for which clearance is sought, in memo format or by email and have that consented to by the Chairman (or a Non-executive Director [preferably the chairman of the Audit & Risk Management Committee] if the request is from the Chairman).
20. Employees other than Key Management Personnel - Employees of the Company other than Key Management Personnel may deal in Company securities at any time if the employee notifies the Company Secretary before commencing the transaction and after the transaction has occurred, providing confirmation of the trading. Employees are strongly advised to limit dealing in Company securities to the recommended timing referred to in paragraph 12 above.

In any event, the employees should not deal in Company securities at any time if the employee is in possession of any inside information relating to those securities.
21. Exercise of options, participation in employee share option plans etc - Subject to the insider trading provisions of the Corporations Act, Directors and employees may at any time:
  - (a) acquire the Company's ordinary shares by conversion of securities giving a right of conversion to ordinary shares;
  - (b) acquire Company securities under a bonus issue made to all holders of securities of the same class;

- (c) acquire Company securities under a dividend reinvestment, or top-up plan that is available to all holders of securities of the same class;
- (d) acquire, or agree to acquire, options under a Company share option plan; and
- (e) exercise options acquired under a Company share option plan (but may not sell all or part of the shares received upon exercise of the options other than in accordance with these procedures).

### **ASX Notification**

- 22. This securities trading policy has been released to the market in accordance with Listing Rule 12.9 and, as required by Listing Rule 12.10, if there is any material change to the policy the Company must lodge the amended securities trading policy with the ASX within 5 business days.
- 23. In accordance with section 205G Corporations Act, a Director must notify the ASX within 14 days after any change in the Director's relevant interest in securities of the Company or a related body corporate of the Company.
- 24. A Director's obligations under section 205G of the Corporations Act are satisfied when the Company complies with the requirements of Listing Rule 3.19A. That Rule requires the Company to notify the ASX of changes in a Director's securities interests within 5 business days by lodging an Appendix 3Y. Any trading by a Director during a closed period will require the Company to state on the Appendix 3Y whether the trading occurred during a closed period and whether prior written clearance was provided and if so on what date.
- 25. 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 as required by the Corporations Act and the ASX Listing Rules. For the purposes of this policy, information in writing includes a letter, a facsimile of a letter or an email attaching a letter.

### **Questions?**

- 26. If you have any questions regarding this policy you should contact:  
The Company Secretary on (07) 4963 0400.