



**PENSANA METALS LIMITED**

**CORPORATE GOVERNANCE POLICIES**

**SECURITIES TRADING POLICY**

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## **1. INTRODUCTION**

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The employees, Company Secretary and Directors of Pensana Metals Limited “Pensana” may have in their possession sensitive commercial information which could materially affect the value of Pensana securities. The Corporations Act 2001(CA) prohibits insider trading in relation to financial products including securities. The provisions are wide ranging and breaches are serious offences.

This document:

- (a) provides an outline of the insider trading and other relevant provisions of the Corporations Act;
- (b) sets out the rules relating to dealings by employees, the Company Secretary and Directors in securities issued by Pensana;

This policy is designed to assist in preventing breaches of the insider trading provisions of the Corporations Act. Ultimately it is the responsibility of each employee, Company Secretary and Director to ensure that none of their dealings could constitute insider trading.

## **2. INSIDER TRADING PROHIBITION**

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### **2.1 The Nature of the Prohibition**

Section 1043A (of Part 7.10, Division 3) of the Corporations Act makes it an offence for a person in possession of information that is not generally available but which, if generally available, might materially impact the price or value of a share to:

- trade in (i.e. apply for, acquire or dispose of, or enter into an agreement to do any of these things); or
- procure another person to trade in, shares (collectively referred to as “deal in financial products”).

It is also an offence to “tip” the information to another person with the knowledge the person could deal in financial products. Accordingly the effect of this section cannot be avoided by simply getting another person to deal on your behalf.

## **2.2 How You Become Aware of the Information is Irrelevant**

It is irrelevant how or in what capacity the person comes into possession of the information. This means that Section 1043A will apply to any employee or director who acquires “inside information” in relation to Pensana shares or options, no matter in which capacity and is prohibited from dealing in those securities.

## **2.3 Information Which Might Affect Price Value**

The prohibition referred to in this policy refers to unpublished information which, if generally available, might materially impact the price or value of Pensana securities.

## **2.4 What Does Information Include?**

“Information” includes matters of supposition or speculation and matters relating to the intentions or likely intentions of a person.

## **2.5 What Information Might Materially Affect Price or Value?**

This means information that a reasonable person would expect to have a material effect on the price or value of Pensana securities. A reasonable person would be taken to expect information to have a material effect on price or value if the information would be likely to influence persons who commonly invest in securities whether or not to do so.

Examples of this type of information which might affect the price or value of Pensana securities include:

- drilling results;
- proposed changes in capital structure;
- information relating to Pensana’s financial results;
- a material acquisition, divestment or realisation of assets;
- proposed share issues;
- changes to the Board;
- possible events which could have a material impact on profits (negatively or positively) e.g. well flow rates;
- proposed changes in the nature of the business of Pensana;
- notification to Pensana of a substantial shareholding; and
- any information required to be announced to the market pursuant to Listing Rule 3.1.

## **2.6 What does “Unpublished” Mean?**

“Unpublished” for this purpose means that the information is not generally available. Information is generally available if it consists of readily observable matter, or it has been disseminated in a manner likely to bring it to the attention of investors and a reasonable period has elapsed. Pensana releases information to the market via the

ASX announcements platform and an announcement becomes public information once ASX confirms that it has been released to the market.

ASX publishes information to the market by releasing Pensana announcements through the Company Announcements Platform. All announcements are available on [www.asx.com.au/shareholder/ASXannouncements](http://www.asx.com.au/shareholder/ASXannouncements).

## **2.7      Penalties**

A breach of the insider trading provisions of the Corporations Act is a criminal offence and is punishable by a penalty of up to a fine of \$200,000 or imprisonment for up to 5 years or both.

In addition to the criminal penalties there is also civil liability which may be pursued by the ASIC for losses suffered by parties who trade in the securities without the insider information and possibly also the company the shares in which were the subject of the insider trading.

## **3.        DEALING IN SECURITIES ISSUED BY PENSANA**

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### **3.1      No Dealing Permitted During a Prohibited Period**

Subject to this policy, employees and directors are permitted to deal in Pensana securities throughout the year except during the periods identified below. In setting these times, the Board is cognisant that at this stage Pensana is not a trading entity but rather is in exploration and development mode. Accordingly the prescribed times for Prohibited Periods are relevant to its current state and these will be amended at the appropriate time to reflect the Company's transition to a trading operation.

In summary the Prohibited Periods, being those periods where trading is forbidden are:

- (a)     (i)    from 1 September each year until the annual financials become public information;
- (ii)   from 1 March each year until the half yearly financials become public information; and
- (iii)   from the 15<sup>th</sup> of January, April, July and October each year until the quarterly cash flow statements in the form of the Appendix 5B become public information; and

known as "Closed Periods".

- (b)    additional periods prescribed by Pensana when an employee, Director or Company Secretary of Pensana are prohibited from trading.

Prohibited Periods may be imposed by Pensana from time to time so Pensana can consider whether information may be disclosed. The period where dealing is permitted is called the Trading Period.

### **3.2 Notice of Prohibited Period**

Notice of the commencement and closure of a Prohibited Period will be sent by email to employees and by email and/or facsimile to Directors. Where an employee does not have email access it is the manager's responsibility to inform the employee. **3.3 Prohibition on Dealing While in Possession of Relevant Information**

Irrespective of the existence of a Prohibited Period or Trading Period dealing in Pensana securities is subject to the prohibition that an employee, Company Secretary or Director must not deal in Pensana securities at any time when they are in possession of unpublished information which, if generally available, might materially affect the price or value of those Pensana securities i.e. insider trading.

### **3.4 Prohibition on Active Dealing**

Dealing during a Trading Period is subject to the prohibition that an employee, Company Secretary and Director must not actively deal in Pensana securities with a view to deriving profit related income from that activity.

"Actively Deal" for this purpose means to deal in Pensana securities in a manner which involves frequent and regular trading activity.

### **3.5 Special Approval to Deal During a Prohibited Period**

An employee, Director or Company Secretary who is not in possession of inside information in relation to Pensana, may be given prior written clearance to sell or to otherwise dispose of Pensana securities during a Prohibited Period where they are suffering severe financial hardship or there are other exceptional circumstances.

The Company considers that the following circumstances may constitute "exceptional circumstances":

- a tax liability where the person has no other means of satisfying the obligation;
- a court order, for example, orders or enforceable undertakings issued by the Family Court.

This list is not exhaustive and other circumstances will be assessed on their merits if and when they arise. The discretion will be applied taking into account the hardship of the employee, Director or Company Secretary and weighing this against any perceived detriment to Pensana's reputation. Approval may be given by:

- the Managing Director or if absent, the Company Secretary, in their discretion to an employee to deal during a Prohibited Period;
- the Chairman, in his discretion, to a Director to deal during a Prohibited Period;
- the Chairman, in his discretion to the Managing Director to deal during a Prohibited Period;
- the Managing Director, in his discretion to the Chairman to deal during a Prohibited Period.

Any such approval must be obtained in writing in advance of any proposed trading. It cannot be given after the event. Approval must be in writing which includes electronic communications. Any approval will last for no more than 14 days from the date on which it is granted.

An employee, Director or Company Secretary seeking clearance to trade must satisfy the above officers they are in severe financial hardship or their circumstances are otherwise exceptional and the proposed sale or disposal of Pensana securities is the only reasonable course of action available.

### **3.6 Confirmation of Dealing that has Occurred**

An employee, Company Secretary or Director must provide confirmation of dealing in Pensana securities to the Managing Director within 3 business days of the trade.

### **3.7 Notice of Change to Trading Period or Prohibited Period**

The Prohibited or Closed Periods, as outlined in Rule 3.1, may be extended or shortened or another Prohibited Period may be introduced at any time by direction of the Managing Director or the Chairman. Notice of those changes will be specified to employees by email and to Directors by email and/or facsimile. Changes to a Prohibited Period or Trading Period are effective immediately upon the giving of such notice. Where an employee does not have email access it is the manager's responsibility to inform the employee.

A dealing during any such change remains subject to Rules 3.3 to 3.6.

### **3.8 Director Requirement to Report to the market – Listing Rule 3.19A**

In accordance with the agreement between Directors and Pensana, Directors are required to provide details of all changes to their interest in Pensana securities registered in the name of the Director or held on behalf of the Director, directly or indirectly. The details must be provided as soon as reasonably possible after the date of the change and in any event no later than 3 business days after the change.

### **3.9 Excluded Trading**

The following trading or dealing is not subject to the operation of this trading policy:

- transfer of securities of Pensana already held into a superannuation fund of which the employee, Director or Company Secretary is a beneficiary;
- an investment in, or trading in units of, a fund or other scheme where the assets of the fund or other scheme are invested at the discretion of a third party;
- where an employee, Director or Company Secretary is a trustee, trading in the securities of Pensana by that trust provided:
  - (a) the employee, Director or Company Secretary is not a beneficiary of the trust; and
  - (b) any decision to trade during a Prohibited Period is taken by the other trustees or by the investment managers independently of the employee, Director or Company Secretary;

- undertakings to accept, or the acceptance of, a takeover offer;
- 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 or distribution reinvestment plan or an equal access buy-back, where 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;
- a disposal of securities of Pensana that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement.

- [Policy terms on providing shares as security required]**
- the exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Prohibited Period and Pensana has been in an exceptionally long Prohibited Period or Pensana has had a number of consecutive Prohibited Periods and an employee, Director or Company Secretary could not reasonably have been expected to exercise it at a time when free to do so;
  - trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out above and where:

- the employee, Director or Company Secretary did not enter into the plan or amend the plan during a Prohibited Period;
- the trading plan does not permit the employee, Director or Company Secretary to exercise any influence or discretion over how, when, or whether to trade; and
- the employee, Director or Company Secretary is not permitted to cancel the trading plan during a Prohibited Period other than in exceptional circumstances.

#### **4. ASSOCIATES**

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The restrictions on dealings by an employee, Company Secretary or Director are equally applicable to any dealings:

- by their spouses or de facto spouses;
- by or on behalf of any dependent under 18 years of age; and
- any other dealings in which, for the purposes of the Corporations Act, they are or are to be treated as interested. For example, if an employee, Company Secretary or director is a trustee of a trust and is also a beneficiary of the trust, the employee, Company Secretary or Director must not trade in Pensana securities on behalf of the trust without reference to this policy.

It is the duty of each employee, Company Secretary and Director to seek to avoid any such dealing at a time when they are prohibited from dealing.

## **5. EMPLOYMENT AND MONITORING OF COMPLIANCE**

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To promote understanding of the insider trading prohibition, related Corporations Act provisions and Pensana policy, a copy of this document will be distributed to all employees, the Company Secretary and Directors. All new employees, the Company Secretary and Directors will receive a copy of this document with their employment or appointment letter.

## **6. CONCLUSION**

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Compliance with the rules set out in this document is mandatory. Infringement of the insider trading provisions attracts substantial penalties. Failure to comply with this policy could have a damaging impact on perception of Pensana within the investment community.

Any employee, Company Secretary or Director who does not comply with the Pensana Trading Policy will be considered to have engaged in serious misconduct which may result in the termination of their engagement by Pensana.