



**Prophecy**

## PROPHECY INTERNATIONAL HOLDINGS LIMITED

### SECURITIES TRADING POLICY

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## 1. INTRODUCTION

This policy outlines:

1.1 when Key Management Personnel may deal in Company Securities; and

1.2 procedures to reduce the risk of insider trading.

## 2. DEFINED TERMS

In this policy:

**Approving Officer** means:

- (a) for a Key Management Personnel, the Board;
- (b) for the chairman of the board, the chairman of the Company's Audit Committee.

**ASX** means ASX Limited.

**Board** means the board of directors of the Company.

**Business Day** has the same meaning as in the ASX Listing Rules.

**Closed Period** means the fixed period specified in paragraph 6.1 when a Company's Key Management Personnel are prohibited from trading in the Company's Securities.

**Company** means Prophecy International Holdings Limited.

**Company Securities** includes shares in the Company or a Group member, options over those shares and any other financial products of the Group.

**Key Management Personnel** means:

- (a) all persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director and any person engaged in the management of the Group, whether as an employee or consultant or employee of a consultant.

**Group** means the Company and each of its controlled entities.

**Prohibited Period** means:

- (a) the Closed Period; and
- (b) or additional periods when the Company's Key Management Personnel are prohibited from trading, which are imposed by the Company from time to time when the Company is considering matters which are subject to Listing Rule 3.1A.



### 3. INSIDER TRADING

- 3.1 If a person has information about securities and the person knows, or ought reasonably to know, that the information is inside information, it is likely to be illegal for the person to:
- (a) deal in the securities;
  - (b) procure another person to deal in the securities; or
  - (c) give the information to another person who the person knows, or ought reasonably to know, is likely to:
    - (i) deal in the securities; or
    - (ii) procure someone else to deal in the securities.
- 3.2 Insider trading is a criminal offence. It is punishable by substantial fines, imprisonment or both. A company may also be liable if an employee or director engages in insider trading.
- 3.3 Insider trading may also attract civil penalties. A Court may impose substantial pecuniary penalties for insider trading and order payment of compensation to persons who suffer loss or damage because of insider trading.
- 3.4 Insider trading is prohibited both within and outside the Prohibited Period.

### 4. WHAT IS INSIDE INFORMATION?

- 4.1 Information includes:
- (a) matters of supposition and other matters that are insufficiently definite to warrant being made known to the public; and
  - (b) matters relating to the intentions, or likely intentions, of a person.
- 4.2 Inside information is information that:
- (a) is not generally available; and
  - (b) if it were generally available, would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the relevant securities.
- 4.3 Information is generally available if it:
- (a) is readily observable;
  - (b) has been made known in a manner likely to bring it to the attention of persons who commonly invest in securities of the relevant type and a reasonable period for that information to be disseminated has elapsed since it was made known; or
  - (c) consists of deductions, conclusions or inferences made or drawn from information falling under paragraphs 4.3(a) or 4.3(b).

### 5. WHAT IS DEALING IN SECURITIES?

Dealing in securities includes:

- 5.1 applying for, acquiring or disposing of securities;
- 5.2 entering into an agreement to apply for, acquire or dispose of securities; and
- 5.3 granting, accepting, acquiring, disposing, exercising or discharging an option or other right or obligation to acquire or dispose of securities.

## 6. WHEN A KEY MANAGEMENT PERSONNEL MAY DEAL

- 6.1 Key Management Personnel may deal in Company Securities at any time except during the periods defined as (Closed Periods):
- (a) the period commencing 2 months prior to the release of the Company's half year results to ASX and ending 24 hours after such release; or
  - (b) the period commencing 2 months prior to the release of the Company's full year results to ASX and ending 24 hours after such release; or
  - (c) the period commencing 2 weeks prior to the Company's annual general meeting and ending 24 hours after the annual general meeting.
- 6.2 Key Management Personnel may not trade, deal or procure another person to deal in Company Securities (nor derivative products) during the Closed Periods listed in 6.1 except where:
- (a) he or she obtains written clearance from the Approving Officer as outlined in paragraph 7;
  - (b) an exclusion applies as outlined in paragraph 8; or
  - (c) an exceptional circumstance applies and he or she has obtained prior written consent as outlined in paragraph 9.
- 6.3 Key Management Personnel are prohibited from trading during Prohibited Periods in financial products issued or created over or in respect of Company Securities.
- 6.4 Notwithstanding the above, no dealing will be permitted at any time if the Key Management Personnel or employee possess (or is deemed to possess) any price sensitive information that is not generally available.

## 7. CLEARANCE FROM THE APPROVING OFFICER

- 7.1 If a Key Management Personnel wishes to deal with Company Securities during a Prohibited Period, he or she may do so by first informing the Approving Officer and obtaining clearance.
- 7.2 The Approving Officer may not give clearance if:
- (a) there is a matter about which there is inside information in relation to Company Securities (whether or not the Key Management Personnel knows about the matter) when the Key Management Personnel requests clearance or proposes to deal in Company Securities; or
  - (b) the Approving Officer has any other reason to believe that the proposed dealing breaches this policy.
- 7.3 The Approving Officer must:
- (a) keep a written record of:
    - (i) any information received from a Key Management Personnel in connection with this policy; and
    - (ii) any clearance given under this policy; and
  - (b) send a copy of the written record to the company secretary for safekeeping.
- 7.4 The company secretary must keep a file of any written record referred to in paragraph 7.3.

## 8. EXCLUSIONS

The following dealings in Company Securities by Key Management Personnel are excluded from the provisions of this policy;

- 8.1 where the trading results in no change in beneficial interest in the Company Securities;
- 8.2 where Company Securities already held are transferred into a superannuation fund or similar saving scheme in which the Key Management Personnel is a beneficiary;
- 8.3 where trading occurs via investments in a scheme, fund or other arrangement where the investment decisions are exercised by a third party;
- 8.4 where the Key Management Personnel has no control or influence with respect to the trading decisions;
- 8.5 trading under an offer or invitation made to all or most holders of Company Securities, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer have been approved by the Board;
- 8.6 the exercise of an option or right under an employee incentive scheme or the conversion of convertible Company Securities if the final exercise or conversion date falls within the Prohibited Period and the Prohibited Period has been exceptionally or unexpectedly long; and
- 8.7 under a non-discretionary trading plan for which prior written clearance has been obtained, where the Key Management Personnel has no influence on trading decisions and the cancellation of the trading plan is not permitted.

## 9. EXCEPTIONAL CIRCUMSTANCES

- 9.1 A Key Management Personnel may be given prior written clearance to sell or otherwise dispose of Company Securities during a Prohibited Period in exceptional circumstances where the Key Management Personnel would otherwise not be able to do so under this policy:
  - (a) where the Key Management Personnel is in severe financial hardship;
  - (b) where the Key Management Personnel is required by a Court order, or there are Court enforceable undertakings to transfer or sell the Company Securities; or
  - (c) there are other exceptional circumstances.
- 9.2 A person may be in severe financial hardship if he or she has a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant Company Securities.
- 9.3 The Approving Officer may not give clearance under the exception in paragraph 9.1 if there is a matter about which there is inside information in relation to Company Securities (whether or not the Key Management Personnel knows about the matter) when the Key Management Personnel requests clearance or proposes to deal in Company Securities.
- 9.4 The Key Management Personnel seeking clearance to trade must satisfy the Approving Officer that he or she is in severe financial hardship or that his or her circumstances are



otherwise exceptional and that the proposed sale or disposal of the relevant Company Securities is the only reasonable course of action available.

9.5 The Approving Officer will decide if circumstances are exceptional.

9.6 Any prior written clearance to trade in exceptional circumstances during a Prohibited Period may be given for a period of four weeks.

9.7 Written clearance may be communicated to the Key Management Personnel via post or email.

## **10. DISCLOSURE OF DEALINGS DURING CLOSED OR PROHIBITED PERIODS**

The Approving Officer must publicly disclose, in an Appendix 3Y, whether trading by a Key Management Personnel occurred during a Closed Period or a Prohibited Period, where prior written clearance was required under paragraph 7 or 9 and, if so, whether that clearance was provided.

## **11. MARGIN LENDING**

Key Management Personnel are prohibited from undertaking margin lending and other similar financing arrangements in relation to Company Securities.

## **12. DEALINGS BY ASSOCIATED PERSONS**

12.1 If a Key Management Personnel may not deal in Company Securities, he or she must use his or her best endeavours to prevent any dealing in Company Securities by any associated person (including family or nominee companies and family trusts).

12.2 A Key Management Personnel does not have to comply with paragraph 12.1 to the extent that to do so would breach his or her obligations of confidence to the Group.

## **13. COMMUNICATING INSIDE INFORMATION**

13.1 If a Key Management Personnel has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities, the Key Management Personnel must not directly or indirectly communicate that information to another person if he or she knows, or ought reasonably to know, that the other person would or would be likely to:

- (a) deal in Company Securities; or
- (b) procure another person to deal in Company Securities.

13.2 A Key Management Personnel must not inform colleagues (except the Approving Officer) about inside information or its details.

## **14. BREACH OF POLICY**

A breach of this policy by a Key Management Personnel is serious and may lead to disciplinary action, including dismissal in serious cases. It may also be a breach of the law.

## **15. DISTRIBUTION OF POLICY**

This policy must be distributed to all Key Management Personnel.



**16. ASSISTANCE AND ADDITIONAL INFORMATION**

A Key Management Personnel who is unsure about any information he or she may have in his or her possession, and whether he or she can use that information for dealing in Company Securities, should contact the chief executive officer.

**17. APPROVED AND ADOPTED**

This policy was approved and adopted by the Board on 21 September 2016.

**18. DISCLOSURE AFTER MATERIAL CHANGE**

If the Company makes a material change to this policy, the amended policy will be announced within five Business Days after the material change taking effect. A material change includes:

- 18.1 changes to any fixed periods;
- 18.2 changes to the trading which is excluded from the operation of the policy; and
- 18.3 changes to the list of exceptional circumstances in paragraph 9.1 in which trading might be permitted during Prohibited Periods.