



## **Phoslock Environmental Technologies Limited – Share Trading Policy**

### **1. Introduction**

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The purpose of this share trading policy is to:

- 1.1. explain the type of conduct that is prohibited under the *Corporations Act* and is therefore applicable to all Employees of Phoslock Environmental Technologies Limited ("the Company") and its subsidiaries; and
- 1.2. establish a best practice procedure relating to dealing in securities that provides protection to both the Company and its directors, employees, employees who have recently ceased employment with the Company and their associates (individually employee or collectively employees) against the misuse of unpublished information which could materially affect the value of securities.

### **2. Dealing in Securities**

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#### 2.1. Summary of prohibited conduct

Under the *Corporations Act*, a person is prohibited from dealing in securities where:

- (a) the person possesses information which is not generally available; and
- (b) that information may have a material effect on the price of the Company's shares; and
- (c) the person knows or ought reasonably to know that the information is not generally available and if it were it might have a material effect on the share price.

#### 2.2. Policy for dealing in securities

This policy applies to all directors and employees; and

consultants who have been issued shares or options by the Company

- (a) advance notice on dealings in shares is required unless the share sale is less than 50,001 shares in any trading day and the Company is not in a Closed Period (see clause 5).;

all directors and employees and consultant must inform in advance of any proposed dealing in the Company's shares, and receive a confirmation email approving the dealing in :

- (1) a director of the Company must inform the Chairperson;
- (2) all other employees and consultants must inform the Company Secretary.

- (b) exercise of options

options which have vested may be exercised at any time in accordance with the rules of the Plan. Where the employee is in possession of price sensitive information, the shares issued pursuant to the exercise of the options would be bound by item 2.2(a) above.

### **3. Securities in Other Companies**

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The prohibited conduct under the *Corporations Act* includes direct dealings in securities of the Company as well as of other companies with which the Company may be dealing (which would include dealings relating to customers or joint venture partners) where an employee possesses "inside information" in relation to that other company.

#### **3.1. Securities**

Securities include ordinary shares, preference shares and options.

#### **3.2. Dealing in Securities**

Dealing in securities is a broad concept and covers more than simply buying or selling shares. It extends to exercising options over shares [employees can exercise their options at any time but cannot deal with the shares] and entering agreements to buy or sell securities.

That is, under this policy and the law, the prohibition on dealing means that Employees are not permitted to

- (a) buy or sell;
- (b) subscribe for new shares; or
- (c) enter into an agreement to subscribe for, buy or sell, securities, where they or the Company possess information that is not generally available

and which a reasonable person would expect to have a material effect on the price or value of those securities.

### 3.3. Information that is Generally Available

Information is considered to be "generally available" if:

- (a) it consists of readily observable matters; or
- (b) it has been made known in a manner likely to bring it to the attention of investors in securities of corporations of that kind and a reasonable period for dissemination of that information has elapsed, for example, it has been released to the ASX, published in an annual report or prospectus or otherwise been made generally available to the investing public, and a reasonable period of time has elapsed after the information has been disseminated in one of those ways; or
- (c) it may be deduced, inferred or concluded from the above.

### 3.4. Material Effect on the Price of Securities

Information is considered by the *Corporations Act* to be likely to have a material effect on the price or value of securities of a Company if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell those securities.

It is not possible to list all information that might be material, but the following types of information would be likely to be considered to have a material effect on the Company's share price:

- (a) information regarding a material increase or decrease in the Company's financial performance compared with previous results;
- (b) a proposed acquisition or sale of a material business or asset;
- (c) the damage or destruction of a material plant or operation of the Group;
- (d) proposed material legal proceedings to be initiated by or against the Company;
- (e) regulatory action or investigations undertaken by a government authority;
- (f) the launch of a new business or material new product;
- (g) a proposal to undertake a new issue of shares or major change in financing.

## **4. Penalties**

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A person who commits a breach of the insider trading provisions, contravenes or is involved in a contravention of these provisions, could be subject to a fine or be liable to compensate any person who suffers loss or damage because of the conduct.

## **5. Closed Period for Dealing in Shares**

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The Company has designated certain periods that employees or directors cannot deal in the Company's Shares ("Closed Periods").

The Closed Periods are:

- (a) Prior to 30 days of the release of the Company's half year accounts;
- (b) Prior to 45 days of the release of the Company's full year accounts;
- (c) Prior to 20 days of the release of the Company's 4c (quarterly cashflow) statement;
- (d) Prior to 14 days of the Company's Annual General Meeting;
- (e) Up to 45 days from the date that the Employee ceased to be employed by the Company;
- (f) Any other time notified by the Company in writing.

The Company may advise directors and employees in writing, including by email, of the Closed Period and in the case of Employees who cease to be employed by the Company, when their Closed Period is finished.

The Closed Periods will not apply to the initial acquisition of shares under a Company share placement or exercise of options or the transfer from one related party to another (for personal reasons). However, the Share Trading Policy will apply when shares or options converted into shares are sold.

If an Employee or Director has a specific reason to deal in Company Shares the employee or director must apply to the Chairperson for specific dispensation. Specific dispensation will only be provided if dealing in the Company Shares does not contravene Clause 3 of these guidelines.

## **6. Responsibilities of Directors**

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- 6.1. The ASX, under its listing rules, has detailed a number of disclosure documents for directors to file within the time specified by the ASX:

3X - Initial Directors Notice  
3Y - Change of Directors Interest Notice  
3Z - Final Directors Notice

- 6.2. It is the obligation of the Director to provide the relevant information to the Company Secretary to complete the 3X, 3Y or 3Z documents. It is the Company Secretary's obligation to lodge the 3X, 3Y or 3Z documents on the ASX online portal.

## **7. Whom to Contact**

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If an Employee is in any doubt regarding a proposed dealing in securities, the Employee should contact the Company Secretary ([enquiries@phoslock.com.au](mailto:enquiries@phoslock.com.au)) or Chairperson. Failure to do so may result in penalties.

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