

DGO Gold Limited

Securities Dealing Policy

**June 2019**

## 1 Introduction

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The purpose of this Policy is to:

- explain the types of conduct in dealing in securities that are prohibited under the *Corporations Act 2001* (Commonwealth) (**Corporations Act**). Such prohibitions apply to all directors and employees of DGO Gold Limited (**Company**) and its related bodies corporate as defined in the Corporations Act (collectively the **Group**); and
- explain the Company's policy and procedure for the buying and selling of securities that protects the Company and directors and employees against the misuse of unpublished information which could materially affect the price or value of securities.

The purpose of this policy is to ensure that you are aware of your legal obligations and to protect the Company and its reputation in the marketplace.

The Company aims to achieve the highest possible standards of corporate conduct and governance. The Board of Directors considers that compliance with this Policy is essential to ensure that the highest standards of conduct are being met by all Directors and employees.

Any non-compliance with this Policy will be regarded as serious misconduct which may entitle the Company to take corrective disciplinary action.

In the case where no Managing Director or Chief Executive Officer is appointed, the Executive Chairman shall take on the roles and responsibilities of the Managing Director as outlined in this Securities Dealing Policy.

## 2 Persons to whom this Policy applies

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This Policy applies to:

- all directors and officers of the Group (including the Managing Director (**MD**));
- all direct reports to the Managing Director (**senior executives**);
- all employees of the Group,  
(collectively, **Employees**); and
- Connected Persons of Employees.

In this Policy, the persons listed above will be collectively referred to as Key Management Personnel (**KMPs**).

**Connected Person** means, in relation to an Employee:

- (a) a family member of the Employee who may be expected to influence, or be influenced by, the Employee in his or her dealings with the Company or Company securities (this may include the Employee's spouse, partner and children, the children of the Employee's partner, or dependents of the Employee or the Employee's partner); and
- (b) a company or any other entity which the Employee has an ability to control.

Where this Policy requires a KMP to do an act or thing (for example, obtaining clearance in accordance with paragraph 3.3), the relevant Employee must do that act or thing in respect of the Connected Person.

### **3 Restrictions on dealing in securities**

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#### **3.1 No trading where in possession of inside information**

A KMP must not deal in the Company's securities where:

- they are aware of confidential information that is materially price sensitive or 'inside' information; or
- the Company has notified KMPs that they must not deal in the Company's securities (either for a specified period, or until the Company gives further notice).

See section 4 which sets out further guidance as to what constitutes 'inside' or price sensitive information.

In addition to your legal obligations, you must also protect the Company and its reputation in the marketplace. Therefore, in addition to considering whether you have price-sensitive information, you should also consider whether your proposed conduct could create a negative market perception (for yourself or for the Company).

A useful question to ask yourself is: *If the market was aware of all the current circumstances, could my proposed transaction be perceived by the market as me (or my Connected Persons) taking advantage of my position in an inappropriate way? How would it look if my transaction was reported on the front page of the Australian Financial Review?* (the **Front Page Test**)

If you have any perception concerns, you should note them in your relevant notification or approval request.

Where any approval is required for a dealing under this Policy, approval will not be granted where the dealing would not satisfy the Front Page Test.

#### **3.2 Other prohibited dealings**

##### **(a) Blackout periods**

KMPs must not deal in the Company's securities during any of the following blackout periods:

- for a period of 14 days before the expected date of the announcement to ASX of the half-yearly results;
- the period of 14 days before the expected date of the announcement to the ASX of the Annual Report; and
- any other period that the Board specifies from time to time.

For the avoidance of doubt, during the above periods KMPs **must not** deal in financial products issued or created over or in respect of the Company's securities (for example, exchange-traded options, contracts for differences and other derivatives).

##### **(b) Exceptional circumstances**

If a KMP needs to deal in securities during a blackout period due to exceptional circumstances and is not in possession of any 'inside' information, but such dealing is prohibited by paragraph 3.2(a) of this Policy, then, the KMP may apply to:

- the Chair of the Board (if the KMP is a Director (other than the Chair of the Board), an officer or a senior executive, or one of their Connected Persons);
- the Chair of the Audit Committee (if the KMP is the Chair of the Board or one of his or her Connected Persons); or
- the Managing Director (in the case of other KMPs),

or their delegate (the **approver**) for a waiver from compliance with the provisions of paragraph 3.2(a).

Exceptional circumstances are likely to include severe financial hardship or compulsion by court order.

KMPs seeking a waiver under this paragraph must apply in writing to the relevant approver setting out the circumstances of the proposed dealing (including an explanation as to the severe financial hardship or circumstances that are otherwise exceptional) and the reason the waiver is requested. A waiver will only be granted if the KMP's application is accompanied by sufficient evidence (in the opinion of the approver) that the dealing of the relevant securities is the most reasonable course of action available in the circumstances.

If a waiver is granted, the KMP will be notified in writing (which may include notification via email) and in each circumstance the duration of the waiver to deal in securities will be 2 business days.

Unless otherwise specified in the notice, any dealing permitted under this paragraph 3.2(b) must comply with the other sections of this Policy (to the extent applicable).

**(c) No short-term dealing – buying and selling within 1-month period**

KMPs must not deal in the Company's securities on a short-term trading basis. Short-term trading includes buying **and** selling securities on market within a 1-month period, and entering into other short-term dealings (for example, forward contracts) unless the KMP is selling from one entity owned by the KMP to another entity owned by the same KMP as part of a restructure for legal or income tax purposes.

**3.3 Trading windows and other permitted dealings**

The insider trading restriction in paragraph 3.1 applies to all dealings in the Company's securities despite any approval given to a KMP under this Policy, and the KMP is responsible for ensuring that the dealing does not breach this restriction.

- (a) Directors, senior executives, and their Connected Persons

**Trading windows - Advance notification required**

- (1) *Subject to the notification process set out in this paragraph, Directors, senior executives, and their Connected Persons may deal in the Company's securities during any of the following trading window periods:*
- the 4-week period commencing at 10.00am on the next trading day after the announcement to ASX of half-yearly results;
  - the 4-week period commencing at 10.00am on the next trading day after the announcement to ASX of the preliminary final statement or full year results;
  - the 4-week period commencing at 10.00am on the next trading day after the holding of the Annual General Meeting;

- any period that the Company has a current prospectus or other form of disclosure document on issue under which persons may subscribe for securities; and
- any other period the Board determines.

The Board may at any time determine that a trading window is closed.

- (2) *Directors and senior executives must notify any dealing in the Company's securities (including any dealing by one of their Connected Persons) during a trading window as follows:*
- the Chair of the Board must notify the Board or the Chair of the Audit Committee;
  - any other Director of the Company (including the Managing Director) must notify the Chair of the Board; and
  - any senior executive must notify the Managing Director.
- (3) *Notwithstanding prior notification of a proposed dealing, the Chair of the Board, the Chair of the Audit Committee or the Managing Director (as relevant) may direct the person who is proposing to deal in the Company's Securities not to deal, or to impose conditions on the dealing in their discretion, and is not obliged to provide reasons for any direction or condition. It is intended that any direction or condition on dealing should be provided by the approver to the Director or senior executive within 2 business days of the notification.*
- (4) *Provided no direction is given or contrary condition is imposed, the Director, senior executive, or their Connected Person will have 2 business days to enter into the proposed dealing.*

#### **Trading outside trading windows and blackout periods – Approval required**

- (5) *During any other period, Directors and senior executives must, prior to any proposed dealing, receive approval for any proposed dealing in the Company's securities (including any proposed dealing by one of their Connected Persons) as follows:*
- the Chair of the Board must inform and obtain approval from the Board or the Chair of the Audit Committee before a transaction is undertaken;
  - any other Director of the Company (including the Managing Director) must inform and receive approval from the Chair of the Board before a transaction is undertaken; and
  - any senior executive must inform and receive approval from the Managing Director before a transaction is undertaken.

It is intended that a request for approval to trade will be answered within 2 business days.

#### **In all cases - Dealing must occur within 5 business days**

- (6) *Upon provision of notification under paragraph 3.3(a)(2) (and no direction prohibiting the proposed dealing) or receipt of approval under paragraph 3.3(a)(5), a Director or senior executive (or the Connected Person) must undertake the proposed dealing within 5 business days once the*

*notification is provided or approval is granted or such other period specified in the approval. If the dealing is not undertaken within this time, the notification or approval will no longer have effect and new notification or approval will be required in accordance with 3.3(a)(2) or 3.3(a)(5) before the proposed dealing may be undertaken.*

#### **In all cases – Confirmation required**

- (7) *Following any dealing in Company securities, Directors and senior executives must notify the Company Secretary within 2 business days of the dealing occurring.*

#### **3.4 Margin lending arrangements**

- (a) Any dealing in the Company's securities by KMPs pursuant to a margin lending arrangement must be conducted in accordance with this Policy. Such dealings would include:
- (1) *entering into a margin lending arrangement in respect of the Company's securities;*
  - (2) *transferring securities in the Company into an existing margin loan account; and*
  - (3) *selling securities in the Company to satisfy a call pursuant to a margin loan.*
- (b) Directors and senior executives must obtain approval in accordance with the procedure set out in paragraph 3.3 for any proposed dealing in the Company's securities in connection with a margin lending arrangement, irrespective of any trading window.
- (c) The Company may, at its discretion, make any approval granted in accordance with paragraph 3.4(b) conditional upon such terms and conditions as the Company sees fit (for example, with regard to the circumstances in which the Company's securities may be sold to satisfy a margin call).

#### **3.5 Hedging of Company securities**

- (a) Hedging includes entering into transactions in financial products that operate to limit the economic risk associated with holding Company securities.
- (b) Hedging of Company securities by a KMP is subject to restrictions under the Corporations Act and, under this Policy, hedging of Company securities by a KMP is subject to the following rules:
- (1) *the hedge transaction must not be entered into, renewed, altered or closed out when the KMP is in possession of inside information;*
  - (2) *Company securities acquired under an employee, executive or Director equity plan must never be hedged prior to the vesting of those Company securities; and*
  - (3) *Company securities must never be hedged while they are subject to a holding lock or restriction on dealing under the terms of any employee, executive or Director equity plan operated by the Company.*
- (c) KMPs are permitted to hedge their vested and unrestricted Company securities provided that the hedge transaction is treated as a dealing in Company securities

for the purposes of this Policy, and the relevant approvals and notifications required under paragraph 3 are made on that basis.

### 3.6 Exclusions

Paragraphs 3.2(a), 3.2(c) and 3.3 of this Policy do not apply to:

- (a) participation in an employee, executive or Director equity plan operated by the Company (e.g. applying for an allocation of securities under an employee equity plan offer). However, where securities in the Company granted under an employee, executive or director equity plan cease to be held under the terms of that plan, any dealings in those securities must only occur in accordance with this Policy;
- (b) the following categories of passive trades:
  - acquisition of Company securities through a dividend reinvestment plan;
  - acquisition of Company securities through a share purchase plan available to all retail shareholders;
  - acquisition of Company securities through a rights issue; and
  - the disposal of Company securities through the acceptance of a takeover offer, scheme of arrangement or equal access buy-back;
- (c) dealings that result in no effective change to the beneficial interest in the securities (for example, transfers of Company securities already held into a superannuation fund or trust of which the KMP is a beneficiary);
- (d) trading under a pre-approved non-discretionary trading plan, where the KMP did not enter into the plan or amend the plan during a blackout period, the plan does not permit the KMP to exercise any influence or discretion in relation to trading under the plan and the plan cannot be cancelled during a blackout period, other than in exceptional circumstances;
- (e) subject to paragraph 3.4, a disposal of securities of the Company that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement; and
- (f) indirect and incidental trading that occurs as a consequence of a KMP dealing in units or shares of a managed investment scheme, listed investment company, exchange-traded fund or similar investment vehicle that is managed by a third party and that happens to hold as part of its portfolio securities in the Company.

However, such dealings remain subject to the insider trading rules in the Corporations Act and paragraph 3.1 of this Policy.

## 4 Insider trading

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Broadly speaking, the law provides that a person who has **Inside Information** about a company (defined below) must not:

- (a) buy or sell securities in a company, or enter in an agreement to buy or sell securities, or exercise options over securities, or otherwise apply for, acquire or dispose of securities (**deal**);
- (b) encourage someone else to deal in securities in that company; or

- (c) directly or indirectly provide that information to another person where they know, or ought to know, that that person is likely to deal in securities or encourage someone else to deal in securities of that company (**tipping**).

These restrictions apply to all securities, not just the Company's securities.

**Inside Information** is information that:

- is not generally available to the market; and
- if it were generally available to the market, a reasonable person would expect it to have a material effect (upwards or downwards) on the price or value of a security.

Inside Information may include matters of supposition, matters that are not yet certain and matters relating to a person's intentions.

## **5 Securities in other companies**

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While in general employees are free to deal in securities in other listed companies, the prohibited conduct under the Corporations Act includes dealings not only in the Company's securities but also in those of other listed companies with which the Company may be dealing (including the Group's customers, contractors or business partners) where an employee possesses 'inside information' in relation to that other company.

If a KMP is aware of information that is not generally available but which, if it were generally available, a reasonable person would expect to have a material effect on the price or value of a security, the KMP should not deal in the securities of the companies that it affects.

KMPs may come into possession of 'inside information' where they are directly involved in client relationship management or negotiating contracts. For example, where the KMP is aware that the Group is about to sign a major agreement with another company, the KMP should not buy securities in either the Company or the other company.

## **6 Breach**

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Breaches of the insider trading laws have serious consequences for both the KMP concerned and the Company.

Independently, breaches of this Policy are regarded by the Company as serious and will be subject to appropriate sanctions.

Any person who is suspected of breaching this Policy may be suspended from attending the workplace on full pay pending the outcome of investigations into the alleged breach.

Any person who is proven to have breached this Policy could face disciplinary action (including forfeiture of securities and/or suspension or termination of employment).

## **7 Who to contact**

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Any Employee who has queries about this Policy should contact the Company Secretary.