



Guidelines

Guidelines for dealing in securities

Western Metals Limited

ABN 69 009 150 618



1 Introduction

The purpose of these Guidelines is to:

- (a) explain the type of conduct in relation to dealings in securities that is prohibited under the *Corporations Act 2001* (Cth) (**Corporations Act**), which apply to all directors and employees of Western Metals Limited (**Company**) and its related bodies corporate as defined in the Corporations Act (collectively the **Group**); and
- (b) establish a best practice procedure relating to buying and selling securities that provides protection to the Company and directors and employees against the misuse of unpublished information which could materially affect the value of securities.

The Company aims to achieve the highest possible standards of corporate conduct and governance. Accordingly, the Board of directors considers that compliance with the policy contained in these Guidelines is essential to ensure that the highest standards of conduct are being met by all directors and employees. The Company also wishes to ensure that any perception of directors, executives or senior management dealing in securities when they should not do so, is avoided.

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

For the purposes of these Guidelines, **Listing Rules** means the Listing Rules of the Australian Stock Exchange (**ASX**).

2 Policies for dealing in securities

2.1 Persons to whom these Guidelines apply

These Guidelines apply to:

- (a) all directors of the Group;
- (b) all employees of the Group; and
- (c) their associates (as defined in the Corporations Act).

In these Guidelines, the persons listed above will be collectively referred to as **Relevant Persons**.

2.2 The policy

(a) Window period

Generally, Relevant Persons may buy or sell the Company's securities on ASX during a period:

- (1) notified by the Company Secretary to all Relevant Persons; and
- (2) that the Company has a current prospectus or other form of disclosure document on issue under which persons may subscribe for securities.

However, Relevant Persons may not buy or sell the Group's securities in the manner outlined above where:



- the Company has released an ASX announcement, until the third trading day following the release of the announcement;
- a Relevant Person is in possession of price sensitive or 'inside' information or where the Company is in possession of price sensitive or 'inside' information; and
- the Company has, during the 'window period', notified Relevant Persons that they may not buy or sell securities during all or part of that period.

Refer to paragraph 3.2(c) and 3.2(e) for examples of price sensitive information.

(b) Any Relevant Person who is not sure whether he or she may buy or sell the Company's securities during these times should consult with the relevant person listed in paragraph 2.2(c) below.

(c) **During other periods**

Outside of the 'window period', all Relevant Persons must receive clearance for any proposed dealing in the Company's securities on ASX as follows:

- (1) a **Director and Company Secretary** of the Group (including the Managing Director) must inform and receive approval from the Chair of the Board before undertaking a transaction outside the trading window;
- (2) the **Chair** of the Board must inform and obtain approval from the Board or the most senior director before undertaking a transaction outside the trading window;
- (3) all other **Relevant Persons** must inform and receive approval from the Company Secretary before undertaking a transaction outside the trading window.

It is intended that a request for clearance will be answered within 48 hours.

(d) **Short term dealing – buying and selling within 2 month period**

Relevant Persons may not deal in the Company's securities on a short term trading basis, except in circumstances of special hardship and with the approval of the Chair of the Board or the Managing Director. That is, Relevant Persons may not buy and sell securities within a 2 month period. In addition, Relevant Persons may not enter into any other short term dealings (for example, forward contracts) except with the approval of the Chair of the Board or the Managing Director.

(e) **Employee, Executive and Director Share Plans**

While Relevant Persons remain employed by the Group, any dealings in the Company's securities (for example following cessation of restrictions over the securities) acquired under an Employee Share Option Plan must only occur in accordance with these Guidelines.

(f) **Ceasing Employment**

Where Relevant Persons cease employment with the Group, the Company will endeavour to inform them (by provision of these Guidelines or other means) that regardless of their employment status with the Company they are subject to the 'insider trading' provisions of the Corporations Act set out in section 3 of this document.

3 Dealing in securities

3.1 Summary of prohibited conduct

The Corporations Act prohibits 'insider trading'.



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

- (a) the person possesses information which is not generally available to the public;
- (b) that information may have a material effect on the price of securities of the relevant entity; 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 price of securities.

In addition, a person with inside information must not procure another person to deal in the Company's securities or communicate the information (directly or indirectly) to another person who the person believes may deal (or procure someone else to deal) in the Company's securities.

The key concepts are discussed in more detail in paragraph 3.2.

3.2 Relevant terms

(a) Securities

The definition of securities in the Corporations Act is very broad.

Securities include:

- ordinary shares;
- preference shares;
- options;
- debentures; and
- convertible notes.

It also extends to things relating to securities issued by the Company (for example, warrants and other derivative products).

(b) Dealing in securities

Dealing in securities is a broad concept and covers more than simply buying or selling securities. It extends to exercising options over securities and entering agreements to buy or sell securities.

That is, under these Guidelines and the law, the prohibition on dealing means that Relevant Persons are not permitted to:

- buy or sell; or
- enter into an agreement to subscribe for, buy or sell securities,

where they 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.

If a Relevant Person possesses price sensitive information that is not generally available, the Relevant Person is also prohibited from:

- procuring any other person to deal in those securities; or
- directly or indirectly communicating the information to another person who the Relevant Person believes is likely to deal in, or procure another person to deal in, those securities.

'**Procuring**' means enticing, encouraging, persuading, causing or securing another person to do or not to do something. Procuring also includes inciting, inducing or encouraging an act or omission.

For example, a Relevant Person cannot ask or encourage anyone, including family members, friends, associates or others, to deal in securities when the Relevant Person



possesses price sensitive information, and Relevant Persons should not communicate price sensitive information.

If a Relevant Person accidentally gives somebody 'inside information' when he or she should not have, the Relevant Person must immediately tell that person that it is 'inside information' and warn them against trading in the Company's securities, getting others to trade in the Company's securities, or communicating the information to others.

Directors and senior management (ie the Managing Director, his or her direct reports, the General Counsel and the Company Secretary) will customarily be privy to price sensitive information that is not generally available. Accordingly, directors and senior management should ensure that they do not deal in the Company's securities when they or the Company possess 'inside information' (even during a 'window period' set out in paragraph 2.2(a)).

In general, other employees will be free to deal in the Company's securities during the 'window period', unless otherwise notified by the Company.

(c) **Price sensitive or 'Inside' Information**

Information is 'inside' or 'price sensitive' if it is not generally available, but which, if it were generally available, a reasonable person would expect to have a material effect (upwards or downwards) on the price or value of a security.

(d) **Information that is generally available**

Information is 'generally available' if it:

- (1) consists of readily observable matter;
- (2) has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in any of the classes of securities issued by the Company and since it was made known, a reasonable period for it to be disseminated among those persons has elapsed. That is, information will be 'generally available' if it has been released to ASX or published in an annual report, or prospectus or similar document and a reasonable period of time has elapsed after the information has been disseminated in one of these ways; or
- (3) consists of deductions, conclusions or inferences made or drawn from information referred to in paragraph 3.2(d)(1) or information made known as mentioned in paragraph 3.2(d)(2), or both.

(e) **Material effect on the price of securities**

Under the Corporations Act, information is 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 of the information that may be material. However, the following types of information would be likely to be considered to have a material effect on the price of the Company's securities:

- information regarding a material increase or decrease in the Group's financial performance from previous results or forecasts, such as changes to profit results and distributions;
- a proposed material business or asset acquisition or sale, mergers or takeovers;
- the damage or destruction of a material operation of the Group;
- proposed material legal proceedings to be initiated by or against the Group;
- regulatory action or investigations undertaken by a government authority;
- the launch of a material new business; or



- a proposal to undertake a new issue of securities or major change in financing.

(f) **Information**

For the purposes of the insider trading provisions of the Corporations Act, information is defined broadly and includes matters of supposition and other matters which are insufficiently definite to warrant being made known to the public. It also includes matters relating to the intentions of a person.

3.3 Relationship to the continuous disclosure regime

Under the Corporations Act and the Listing Rules, the Company must immediately release to ASX any information concerning the Group which may reasonably be expected to have a material effect on the price or value of the Company's securities, although there are limited exceptions.

As a result of the operation of the continuous disclosure regime, usually all material price sensitive information will be generally available. However, there are limited circumstances in which disclosure is not required.

Specifically, the Listing Rules do not require disclosure where:

- (1) a reasonable person would not expect the information to be disclosed; **and**
- (2) the information is confidential and ASX has not formed the view that the information has ceased to be confidential; **and**
- (3) one or more of the following applies:
 - it would be a breach of law to disclose the information;
 - the information concerns an incomplete proposal or negotiation;
 - the information comprises matters of supposition or is insufficiently definite to warrant disclosure (eg the effect of an event on the Group has not yet been quantified);
 - the information is generated for internal management purposes of the entity (eg internal management accounts or an internal management report); or
 - the information is a trade secret.

Even if information does not need to be disclosed under the Listing Rules, it may be 'inside information' to which the prohibition on insider trading applies. If a person deals in the Company's securities at a time when that person is aware of information which, but for a carve-out to the Listing Rules, would need to be disclosed to the market, that person will be in breach of the insider trading provisions.

4 Securities in other companies

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 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.

That is, if a Relevant Person 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 Relevant Person should not deal in the securities of the companies that it affects.



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

5 Register of dealings

The Company Secretary will maintain a copy of:

- (a) all requests for approval to deal in the Company's securities submitted by directors, executives and senior management;
- (b) all decisions relating to requests; and
- (c) details of all dealings in the Company's securities made by directors, executives and senior managers.

6 Notification by directors

Directors of the Company must notify the Company if there is a change in their security interests to enable the Company to comply with timeframes applying under the Listing Rules in notifying changes in directors' security interests.

7 Penalties

A person who commits a breach of the insider trading provisions could be subject to criminal liability (substantial fines or imprisonment or both may be imposed) or civil liability (substantial pecuniary penalties can be imposed) under Australian law. In addition, a person who contravenes or is involved in a contravention of these provisions may be liable to compensate any person who suffers loss or damage because of the conduct.

In the case of a body corporate, committing an offence under the insider trading provisions is also punishable by substantial fines under civil and criminal laws.

In addition, disciplinary action may be taken against Relevant Persons for a breach of these Guidelines.

8 Defences

The Corporations Act sets out several defences to conduct which would otherwise breach the insider trading prohibition.

These defences are complex and, in general, will not apply to Relevant Persons. On this basis, Relevant Persons should not deal in the Company's securities until they have received the required approval from the relevant individual specified in paragraph 2.2(c).

Breaches of the insider trading laws have serious consequences for both the Relevant Person concerned and the Company. It may also give rise to adverse public scrutiny and media comment. It is therefore important that Relevant Persons adhere to these Guidelines at all times.



9 Who to contact

Any employee in any doubt should contact the Company Secretary.