



TERRACOM

Trading Policy

TerraCom Limited

(Amended on 6 September 2018)

ACN 143 533 537

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1. Purpose

1.1. This Policy defines the circumstances in which trading is permitted and restricted by setting out

1.1.1. the expectations, rules and restrictions that apply, and

1.1.2. the roles and responsibilities of key management personnel

in relation to trading in TerraCom Limited (“the Company”) securities.

2. Application

2.1. This Policy (as amended) applies from 6 September 2018 to directors, officers, staff and consultants of the Company.

3. Insider Trading

3.1. Under the Insider Trading Provisions of the Corporations Act directors, officers, staff, consultants, their families, family company or family trust must not buy or sell shares or engage in put or call options over shares in the Company when they possess information which if generally available would have a material effect on the Company’s share price (“Price Sensitive Information”).

3.2. The ASX Listing Rules and the Corporations Act contain continuous disclosure provisions that state that an entity must disclose any information that would have a material effect on the Company’s share price.

3.3. The ASX Listing Rules provide for an exception from the continuous disclosure obligations for certain matters including incomplete proposals and information generated for internal management purposes.

3.4. This exception does not apply to the Insider Trading Provisions.

3.5. Directors, officers, staff and consultants and their families, family company or family trust may buy or sell the Company’s shares if they are not in a possession of Price Sensitive Information.

4. Notification of Intention to Trade

- 4.1. The Company encourages key management personnel and staff to invest in the Company's shares for long term investment purposes where they do not possess Price Sensitive Information. Investment by key management personnel and staff in the Company's shares aligns their interests with the Company's. The Company discourages key management personnel and staff from actively trading the Company's shares on a short term basis.
- 4.2. Prior to dealing in the Company's shares:
 - 4.2.1. officers, staff and consultants should advise an Executive Director,
 - 4.2.2. directors should advise the Chairman and
 - 4.2.3. the Chairman should advise the Chairman of the Audit Committee.
- 4.3. The person being advised (that is, the Executive Director, Chairman or Chairman of the Audit Committee as the case may be), should immediately advise the person proposing to deal in the Company's shares if they believe that person is in possession of Price Sensitive Information.
- 4.4. Any person who has been so advised is prohibited from dealing in the Company's shares in the absence of the written withdrawal of the advice by the person who originally gave it or the express written permission of any two directors.

5. Other Prohibited Trading

- 5.1. The following additional restrictions apply to key management personnel of the Company.
- 5.2. Key management personnel are all Company directors and those employees and consultants who are informed in writing by the Company Secretary that they fall within the definition.
- 5.3. Key management personnel are prohibited from trading in the company's securities and in financial products issued or created over the company's securities during closed periods and prohibited periods.
- 5.4. The Company's closed periods means:

from fifteen (15) business days before the due date until two (2) business days after the release of half-year and annual results and the quarterly report.

5.5. The Company's prohibited periods means:

any closed periods or additional periods imposed by written notice from the Chairman or Managing Director which may be delivered by post, facsimile or email when the Company is considering matters subject to Listing Rule 3.1A (continuous disclosure).

6. Excluded trading

6.1. Trading which is not subject to the trading prohibitions includes:

- 6.1.1. transfers of securities of the entity already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
- 6.1.2. an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the entity) where the assets of the fund or other scheme are invested at the discretion of a third party;
- 6.1.3. where a restricted person is a trustee, trading in the securities of the entity by that trust provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;
- 6.1.4. undertakings to accept, or the acceptance of, a takeover offer,
- 6.1.5. trading under an offer or invitation made to all or most of the security holders,
- 6.1.6. a disposal of securities of the entity that is the result of a secured lender exercising its rights, for example, under a margin lending arrangement, and
- 6.1.7. the 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 the Company has been in an exceptionally long prohibited period or has had a number of consecutive prohibited periods and the restricted person could not reasonably have been expected to exercise it at a time when free to do so.

7. Clearance by Chairman

- 7.1. The Chairman of the Company may, where he or she considers it appropriate, grant to a restricted person, who is not in possession of inside information, prior written clearance to acquire, exchange, sell or otherwise dispose of the securities of the Company during a prohibited period under the trading policy.
- 7.2. Without limiting clause 7.1, the Chairman may provide such written clearance where the restricted person is in severe financial hardship or in other exceptional circumstances.
 - 7.2.1. 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 securities.
 - 7.2.2. The Company may consider it an exceptional circumstance if the person is required by a court order, or there are court enforceable undertakings, for example, in a bona fide family settlement, to transfer or sell the securities of the entity or if there is some other legal or regulatory requirement.
 - 7.2.3. Whether the person in question is in severe financial hardship or whether a particular set of circumstances falls within the definition of exceptional circumstances is a determination that can only be made by the Chairman of the Company (or the Deputy Chairman where the Chairman is involved).
 - 7.2.4. Exceptional circumstances, by their nature, cannot always be specified in advance. Circumstances not specifically identified in this policy may be deemed exceptional by the Chairman or the Deputy Chairman (where the Chairman is involved) and prior written clearance granted to permit trading. The person seeking clearance to trade must satisfy the designated officer that he or she is in severe financial hardship or the circumstances are otherwise exceptional and that the proposed sale or disposal of the relevant securities is the only reasonable course of action available.
- 7.3. If the designated officer is in any doubt in making such determinations on behalf of the Company, consideration will be given to the purpose of the listing rules and the discretion will be exercised with caution.
- 7.4. The duration of any prior written clearance to trade during a prohibited period will be limited to a maximum period of five (5) days.
- 7.5. The acceptable form of written clearance is a signed letter on the Company's letterhead that may be delivered by post, facsimile or email.

8. Charges over company securities

- 8.1. Agreements that provide lenders with rights over interests in the Company's securities may if exercised increase the volatility of the Company's share price. Accordingly the Company's key management personnel are discouraged from entering into such agreements where the value of the lenders' rights is greater than 25% of the total market value of the person's holding in the Company's securities calculated as the 30 day average open market traded price.
- 8.2. Key management personnel must promptly advise the Chairman if this cap is exceeded or the person believes it is likely to be exceeded so that an appropriate course of action may be determined taking into account the interests of both the affected person and of the Company.

9. Disclosure

- 9.1. This policy will be provided to the company announcements office of the ASX within five (5) business days of its ratification by the board.
- 9.2. The policy must be provided to ASX at any time that ASX requests and if the policy is materially amended within five (5) business days of the changes taking effect.
- 9.3. Material changes include but are not limited to changes to the:
 - 9.3.1. closed periods,
 - 9.3.2. excluded trading, and
 - 9.3.3. exceptional circumstances.
- 9.4. Directors must provide to the Company Secretary within one (1) business day of trading (whether directly or indirectly) in the Company's securities all details required to complete an Appendix 3 Y notice.
- 9.5. The Company Secretary must lodge the completed Appendix 3Y notice with ASX within five (5) business days of a change in a director's notifiable interest.