



# **Corporate Governance Policy – Securities Trading – Directors, Employees and Other Notified Personnel**

**Artemis Resources Limited**  
ACN 107051749

**Dated: 29 December 2010**

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(Company)

## **Corporate Governance Policy – Securities Trading – Directors, Employees and Other Notified Personnel**

- 1.1 This Securities Trading Policy (**Policy**) imposes constraints on directors and employees of the Company and other notified personnel dealing in securities of the Company. It also imposes disclosure requirements on directors. The overriding policy is that there should be no dealings in the Company's shares, whether in permitted periods or at any other time, when a person is in possession of price sensitive information, or where the dealing is for short term or speculative gain.
  - 1.2 This Policy was updated by the Board on 29 December 2010.
  - 1.3 The Board recognises that it is the individual responsibility of each Director and other officers to comply with the spirit and the letter of the insider trading laws, and that notification to the Board in no way implies Board approval of any transaction.
- 2. Application**
- 2.1 This Policy applies to directors, employees and any other Company personnel (including contractors and consultants) notified by the Chairman of the Company from time to time that they are subject to this Policy (**Notified Personnel**).
- 3. Objectives**
- 3.1 The objectives of this Policy are to:
    - (1) minimise the risk of directors, employees and Notified Personnel of the Company contravening the laws against insider trading;
    - (2) oversee that the Company is able to meet its reporting obligations under the ASX Listing Rules; and
    - (3) increase transparency with respect to trading in securities of the Company by directors.

3.2 To achieve these objectives, directors, employees and Notified Personnel should consider this Policy to be binding on them in the absence of specific exemption by the Board.

#### 4. Dealing in securities – legal and other considerations

4.1 Sections 1042B to 1043O of the *Corporations Act 2001* prohibit persons who are in possession of price sensitive information in relation to particular securities that is not generally available to the public from:

- (1) dealing in the securities; or
- (2) advising or procuring another person to deal in the securities; or
- (3) communicating the information to others who might deal in the securities.

4.2 The central test of what constitutes price sensitive information is found in section 1042A. It provides that the insider trading and continuous disclosure rules apply to information concerning a company that a reasonable person would expect to have a material affect on the price or value of securities in the company (**price sensitive information**).

4.3 Directors, employees and Notified Personnel of the Company will from time to time be in a situation where they are in possession of price sensitive information that is not generally available to the public. Examples are the period prior to release of quarterly activities reports or annual or half-yearly results to Australian Securities Exchange (**ASX**) and the period during which a major transaction is being negotiated.

4.4 Following the introduction of the continuous disclosure rules in 1994 the risk of directors contravening insider trading laws has been reduced as all relevant information will already have been disclosed. The tests of what constitute price sensitive information under the insider trading laws and under the continuous disclosure requirements are effectively identical.

4.5 There are a number of limitations and qualifications to the above. They include:

- (1) the ASX Listing Rules and the *Corporations Act* permit companies to not disclose certain information, for example in the situation where an acquisition is being negotiated and remains confidential;
- (2) information may be known to a particular director but not yet by the Company as a whole (ie the Board);
- (3) the Company may not have yet complied with its continuous disclosure obligations in relation to a particular event or circumstance – there will always be some element of delay in doing so; and

- (4) directors will generally have a better feel for the performance of the Company than the public.

In these situations there is still potential for contravention. There is also the potential for an appearance of contravention even if there has not been actual contravention. This could reflect poorly on the Company as well as on the director concerned.

- 4.6 Another circumstance that must be guarded against is where one or more directors are aware of an event or circumstance and the remaining directors are not yet aware. In such a circumstance it is important that no director deals in securities because:

- (1) there is a risk that they will be found to have been guilty of insider trading even if they had no intention of committing a contravention; and
- (2) of the potential for such circumstances to reflect poorly on the Company.

- 4.7 For these reasons, the advice of the Chairman should be sought prior to any dealings taking place, and steps should be taken to monitor that the Chairman is apprised of all relevant considerations by the Continuous Disclosure Manager appointed under ASX Listing Rule 1.1, condition 12.

## 5. Policy – dealing in securities

- 5.1 Directors, employees and Notified Personnel should not deal in securities of the Company unless:

- (1) they have satisfied themselves that they are not in possession of any price sensitive information that is not generally available to the public;
- (2) they have advised the Chairman of their intention to do so;
- (3) the Chairman has made appropriate enquiries of other directors; and
- (4) the Chairman has indicated that there is no impediment to them doing so.

- 5.2 The Chairman will generally allow directors, employees and Notified Personnel to deal in securities of the Company as a matter of course (unless there is in existence price sensitive information that has not been disclosed because of an ASX Listing Rule exception) other than in the following periods (each a **Closed Period**):

- (1) within the period of 1 month prior to the release of the quarterly results; and
- (2) within the period of 1 month prior to the release of annual or half-yearly results; and
- (3) within the period of 2 weeks prior to the annual general meeting.

Directors, employees and Notified Personnel should wait at least 2 hours after the relevant release so that the market has had time to absorb the information before any dealing in securities.

- 5.3 Clearance to trade in the Company's securities during a Closed Period must be sought **in writing** from the Chairman. The person seeking clearance to trade must satisfy the Chairman that they are in severe financial hardship or that their circumstances are otherwise exceptional and that the proposed sale or disposal of the relevant securities is the only reasonable course of action available.
- 5.4 Directors, employees and Notified Personnel must not at any time engage in short-term trading in securities of the Company.
- 5.5 Directors, employees and Notified Personnel must not communicate price sensitive information to a person who may deal in securities of the Company. In addition, a director, employee or Notified Personnel should not recommend or otherwise suggest to any person (including a spouse, relative, friend, trustee of a family trust or directors of a family company) the buying or selling of securities in the Company.
- 5.6 Directors must monitor that external advisers who may receive price sensitive information are bound by confidentiality agreements or other enforceable confidentiality obligations.
- 5.7 The above principles also apply to the following:
  - (1) trading in financial products issued or created over the Company's securities and associated products; and
  - (2) entering into transactions with securities (or any derivative thereof) in associated products which operate to limit the economic risk of any unvested entitlements under any equity based remuneration schemes offered by the Company.
- 5.8 The Chairman must always seek approval from an executive director (or in the event that there are no executive directors from a non-executive director) prior to dealing in any securities of the Company.

## **6. Trading which is not subject to this Policy**

The following trading by directors, employees and Notified Personnel is excluded from this Policy:

- 6.1 Trading which results in no change to the beneficial interest in the securities, for instance transfers of securities already held into a superannuation fund or other savings scheme in which a director, employee or Notified Personnel is a beneficiary;
- 6.2 An investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the Company's securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- 6.3 Where a director, employee or Notified Personnel is a trustee, trading in the Company's securities by that trust provided the director, employee or Notified Personnel is not a beneficiary of the trust and any decision to trade during a Closed Period is taken by the other trustees or by the investment managers independently of the director, employee or Notified Personnel.
- 6.4 Undertakings to accept, or the acceptance of, a takeover offer;
- 6.5 Trading under an offer or invitation made to all or most of the security holders - 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 has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- 6.6 A disposal of securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement;
- 6.7 The exercise (but not the sale of securities following exercise) of an option or right under an employee incentive scheme, or the conversion of a convertible security, where the final date or the exercise of the option or right, or the conversion of the security, falls during a Closed Period and the director, employee or Notified Personnel could not reasonably have been expected to exercise it when free to do so; and
- 6.8 Trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy and where (a) the director, employee or Notified Personnel did not enter into the plan or amend the plan during a Closed Period; (b) the trading plan does not permit the director, employee or Notified Personnel to exercise any influence or discretion over how, when, or whether to trade. Such a trading plan may not be cancelled during a Closed Period other than in exceptional circumstances, pursuant to paragraph 5.3 above.

## **7. Notification of dealings in securities – legal and other considerations**

- 7.1 ASX Listing Rules 3.19A and 3.19B require the Company to notify dealing in securities by directors within 5 business days. Three appendices are included in the Listing Rules for the purpose of this notification, being 3X Initial Director's Interest Notice, 3Y Change of Director's Interest Notice and 3Z Final Director's Interest Notice.
- 7.2 Section 205G of the *Corporations Act 2001* requires a director of a listed company to notify ASX within 14 days of acquiring or disposing of a relevant interest in any securities of the Company. This is an obligation of the director, not the Company. There is no prescribed form for such notifications. ASIC have granted relief from the requirements of section 205G where notifications are made by the Company under Listing Rules 3.19A and 3.19B.

## **8. Policy – notification of dealing in securities**

- 8.1 If any dealings in securities in the Company are proposed, there must be prior consultation with the Chairman in the case of directors and an executive director / non executive director (as appropriate) in the case of the Chairman.
- 8.2 Directors must notify the Company Secretary immediately on acquiring or disposing of a relevant interest in any securities in the Company.
- 8.3 Directors are required to enter into an agreement with the Company under which they are obliged to notify changes in interests in shares and other relevant matters.

## **9. Explanation of terms**

- 9.1 For the purposes of this Policy:
- (1) **deal in securities** means buy or sell shares, options or other securities in the Company, or enter into transactions in relation to shares, options or other securities in the Company. It includes procuring another person to do any of these things; and
  - (2) **price sensitive information** has the meaning given in paragraph 4.2.
- 9.2 For the purposes of paragraph 5.1, directors' "dealing" includes associates of directors dealing in securities, and it is incumbent on each director to oversee that an associate does not deal in circumstances where the dealing could be attributed to the director concerned.