

## Securities Trading Policy

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- This Securities Dealing Policy outlines the specific approach required for certain people associated with the Company to be able to deal in the Company's securities.
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### SUMMARY

#### Overview

This Tel.Pacific Limited (TPC) Securities Trading Policy summarises the law relating to insider trading regulates dealings by Key Management Personnel (TPC directors, employees consultants and their Associates) in shares, options and derivatives (Securities) issued by TPC. The purpose of the Policy is to ensure that all Key Management Personnel understand the law in relation to "insider trading" (under the Corporations Act) and the legal and TPC-imposed restrictions on trading in securities whilst in possession of price-sensitive information.

The Policy is available to all TPC directors and employees. It is aligned to both TPC's values and TPC's director and employee codes of conduct, reinforcing the behaviours required to ensure that TPC maintains its reputation for honesty and integrity.

All staff and Key Management Personnel are required to understand their responsibilities and comply with the spirit and the letter of the Policy at all times.

It is important to remember that although this trading policy only applies to the persons specified above, the insider trading prohibitions set out in the Corporations Act 2001 (C'wlth) ("**Corporations Act**") and discussed in below, apply to **all** persons (including members of your family).

### SCOPE OF THE POLICY

The TPC Securities Trading Policy covers:

- Key Management Personnel which includes Directors, permanent employees (both part-time and full-time), contractors and consultants and their Associates;
- TPC shares, options or other securities in the shares, and options and securities of other entities when there is a commercial or other link with TPC;
- All persons are covered by this policy that hold price-sensitive information that has not been released to the public – including actions they take themselves, actions that others may take on their behalf and communication of information to third parties.

### FURTHER ADVICE

If you do not understand the summary of the law relating to insider trading set out below or this trading policy, or if you are confused as to whether the law applies to you, please contact the Company Secretary. You may wish to seek your own professional legal advice before dealing in the Company's Securities.

## THE CORPORATIONS ACT

### Insider trading provisions

If you have Inside Information (as defined in the following paragraph below) relating to the Company, it is illegal for you to:

- (a) deal in (that is, apply for, acquire or dispose of) the Company's Securities or enter into an agreement to do so; or
- (b) procure another person to apply for, acquire or dispose of the Company's Securities or enter into an agreement to do so; or
- (c) directly or indirectly communicate, or cause to be communicated, that information to any other person if you know, or ought reasonably to know, that the person would or would be likely to use the information to engage in the activities specified in paragraphs (a) or (b) above.

These prohibitions apply equally to the application for, grant, exercise or transfer of an option over the Company's Securities.

It does not matter how or in what capacity you become aware of the Inside Information. It does not have to be obtained from the Company to constitute Inside Information.

You cannot avoid the insider trading prohibitions by arranging for a member of your family or a friend to deal in the Company's Securities nor may you give "tips" concerning Inside Information relating to the Company to others, including customers.

### What is inside information?

Inside Information is information relating to the Company which is not generally available but would, if the information were generally available, be likely to have a material effect on the price or value of the Company's Securities ("**Inside Information**"). Inside Information can include matters of speculation or supposition and matters relating to intentions or likely intentions of a person.

Information is regarded as being likely to have a material effect if it would, or would be likely to, influence persons who commonly invest in securities or other traded financial products in deciding whether or not to deal in the Company's Securities.

Examples of Inside Information could be:

- the financial performance of the Company against its budget;
- changes in the Company's actual or anticipated financial condition or business performance;
- changes in the capital structure of the Company, including proposals to raise additional equity or borrowings;
- proposed changes in the nature of the business of the Company;
- changes to the Board of Directors or significant changes in senior management;
- an undisclosed significant change in the Company's market share;
- likely or actual entry into, or loss of, a material contract;
- material acquisitions or sales of assets by the Company;

- a proposed dividend or other distribution or a change in dividend policy; or
- a material claim against the Company or other unexpected liability.

### **When is information generally available?**

Information is generally available if:

- it consists of readily available matter or deductions;
- it has been brought to the attention of investors through an announcement to ASX Limited (“**ASX**”) or otherwise brought to the attention of investors in securities, and a reasonable period has elapsed since it was announced or brought to investors’ attention; or
- it consists of deductions, conclusion or inferences made or drawn from information that is generally available.

Examples of possible readily observable matters are:

- a change in legislation which will affect the Company’s ability to make certain types of investments; or
- a severe downturn in global securities markets.

### **What are the consequences if you breach the insider trading prohibitions?**

Breach of the insider trading laws may subject you to:

- criminal liability – penalties include heavy fines and imprisonment; and
- civil liability – you can be sued by another party or the Company for any loss suffered as a result of illegal trading activities.

Breach of the law or this trading policy or both will also be regarded by the Company as serious misconduct which may lead to disciplinary action or dismissal.

### **RESTRICTIONS ON TRADING IN TPC SECURITIES**

Under the Policy, Key Management Personnel are prohibited from trading in TPC shares, options or other securities issued by the Company whilst in possession of unpublished TPC price-sensitive information. TPC price-sensitive information is information that a reasonable person would expect to have a material affect on the price or value of TPC securities.

In addition to these provisions, employees that work in certain areas of TPC are not permitted to trade in shares, options or other securities issued by the Company at any time, unless they have the appropriate approval. These rules also apply to trading in securities for an entity or trust that is controlled by a TPC employee. These provisions cover employees in certain aspects of the business that are exposed to or have the potential to be exposed to important strategic and unpublished information about the Company.

## **HEDGING**

Key Management Personnel are prohibited under the Policy from entering into any schemes or arrangements that protect the value of shares, options or performance rights allocated under TPC incentive schemes prior to them becoming fully vested. Any breach of this prohibition will also constitute a breach of the conditions of grant and could result in the forfeiture of the shares, options or performance rights.

## **BLACKOUT PERIODS**

During certain times of the year (called “blackout periods”), Key Management Personnel are not permitted to trade in TPC securities, unless permitted to do so under this policy. The “blackout periods” do not restrict an employee’s participation in the TPC Employee [Share Acquisition Plan, if available] or Share Option Plan, however it does apply to the trading of TPC securities to which employees have become entitled under those plans (for example following the exercise of options) it is prohibited to trade shares that have been acquired as a result of the exercise of options during a blackout period.

Trading blackout periods in respect of company securities are imposed from the end of the half year and full year until release of financial results via ASX Forms Appendix 4D Half Year Report and Appendix 4E, Preliminary Final Report.

Under the Policy, the following periods are designated as “blackout periods”:

- No trading between the end of a half year (i.e. effective from 1 January, in each year) until the day following the release to ASX of the Appendix 4D, generally within two months of the end of the first half of the financial year); and
- From 30 June, in each year, until the day following the release to ASX of the Appendix 4E, Preliminary Final Report, generally within two months of the end of the second half of the financial year;
- Or any other period notified by the Board or Company Secretary.

## **RESTRICTIONS ON TRADING OF SECURITIES IN OTHER ENTITIES**

The TPC Securities Trading Policy is also intended to minimise the potential for any perception that TPC Key Management Personnel are trading in securities while in possession of unpublished, price-sensitive information about TPC’s securities or the securities of other entities at times when TPC may be in commercial discussions with those companies.

## **APPROVAL TO TRADE IN TPC SECURITIES**

Employees, consultants and contractors are required to seek approval from the Chairman, which will be given in writing, specifying a time limit in which securities may be traded; generally this approval will be for one month. Non-executive directors are required to seek written approval from the Chairman in advance of trading TPC securities. The Chairman of the Board is required to seek written approval from the Chairman of the Board Audit & Risk Committee.

***Applications for approval to deal should be made in the form attached.***

## **EXCEPTIONAL CIRCUMSTANCES WHEN TRADING MAY TAKE PLACE IN A BLACKOUT PERIOD**

In exceptional circumstances, i.e. where, as a result of demonstrable severe financial hardship a director or employee is obliged to dispose of securities issued by the Company, subject to that person demonstrating to the Chairman and/or Managing Director that financial hardship, such as the threat of foreclosure on the residence in respect of a person or mortgage, a judgement in respect of a debt being obtained by a creditor, or a court order in a family law matter, the Chairman and/or Managing Director may give written approval to proceed to sell an agreed number of shares in the Company within a specified time frame. A limited period in which to trade should be granted, say 20 business days, and the closing date during which securities can be traded should be notified to the individual and the Company Secretary.

## **SHORT TERM TRADING IN TPC SECURITIES**

The purchase and sale of TPC securities within one month is prohibited by Directors, staff and contractors.

## **PASSIVE TRADING IN TPC SECURITIES**

Directors and employees may participate during closed or blackout periods in the passive acquisition of TPC securities in plans approved by the TPC Board, such as dividend reinvestment plans if so implemented, share purchase plans and rights issues, with the proviso that an election to participate, once given, cannot be revoked during a closed or blackout period. Key Management Personnel are advised that the exercise of options is permitted during a blackout period; however the securities issued in respect of such options or share purchase plan are subject to these rules and may not be traded during a blackout period, including the blackout period in which the securities have been acquired.

Transfers of securities when there is no change in beneficial ownership, such as from an Eligible Person to that person's superannuation fund are permitted, as are investments in TPC shares by an investment fund or scheme where the assets are invested at the discretion of a third party.

## **BORROWING AGAINST SECURITIES**

In the event that a director wishes to borrow against a security of TPC securities Board approval is to be obtained in advance of making any form of commitment that involves securities issued by the Company

## **DEFINITIONS**

### **“Associate”**

- (a) a spouse or defacto spouse of the employee
- (b) a parent or child or the employee or the employee's spouse or defacto spouse;
- (c) a company, partnership, or trust which
  - (i) the employee controls;
  - (ii) the employee and any person referred to in paragraphs (a) or (b) control;
  - (iii) any person referred to in paragraphs (a) and (b) controls; or
  - (iv) any other person with whom the employee is acting or proposing to act in concert regarding the acquisition of securities.

For the purposes of this definition, “control” means the ability (whether or not based on a legal right to determine the outcome of decision about the relevant entities financial and operating policies.

**“Key Management Personnel”**

Key Management Personnel are those persons having authority and responsibility for planning , directing and controlling the activities of the entity directly or indirectly including any director whether executive or otherwise of that entity

For the avoidance of doubt, TPC directors, employees, consultants and their Associates are included in the definition of Key Management Personnel.

**“Employee”**

The employees, directors, full-time and part-time staff, as well as long-term contractors and consultants of TPC or any of its subsidiaries and includes an Associate of an employee.

**“Securities”**

Includes options, shares and other securities, including without limitation debentures, derivatives and warrants issued or made available by the Company or any associated company.

**“Trading”**

Trading includes dealing by way of option, exercise and rights trading and includes procuring or causing other persons to trade.

Application to trade in securities of the Company  
 under the Company's share trading rules

Tel.Pacific Limited

**Part A – For completion by Designated Person**

Name of Designated Person	
Description of Securities (ie number of Securities)	
Nature of agreement /dealing (sale/purchase/subscription)	
Proposed date of transaction (ie completion date)	

I confirm that:

- (a) I am not in possession of any unpublished information Which, if generally available, might materially affect the price or value of the Company's Securities; and
- (b) the transaction in the Company's Securities described above does not contravene the revised trading policy of the Company dated December 2010.

Signed: .....

Dated: .....

**Part B – For completion by Notification Officer**

I confirm that I am not aware of any circumstances pursuant to which the Designated Person named above is, or is likely to be, in possession of unpublished information which, if generally available, might materially affect the price or value of the Company's Securities.

Name: .....

Title: .....

Signature: .....

Dated: .....

**The completed form is to be sent to the Company Secretary.**