

Okapi Resources

# Securities Trading Policy

DOCUMENT OWNER		
Name	Title	Date
Craig Nelmes	CFO/Company Secretary	26/06/2017

The board of Directors of Okapi Resources Limited (**Company**) has approved the following policy formalising the functions and responsibilities of the Securities Trading Policy.

The policy will be reviewed annually and updated and expanded when appropriate to ensure that it continues to reflect the letter and spirit of all applicable laws and regulations and the Company's commitment to its staff and the community.

## 1. SECURITIES TRADING POLICY

---

### 1.1 Purpose

In order to preserve the reputation and integrity of the Company, it is vital that when people associated with the Company deal in Company securities those dealings are not only fair, but are seen to be fair. When directors and employees deal in securities of the Company they must be sure that it does not reflect badly on them or the Company. The following policy is designed to avoid the possibility that misconceptions, misunderstandings or suspicions might arise. The general scheme of this policy regarding allowable dealings by directors, employees, advisers and consultants (**Applicable Persons**) and their related parties (spouses, de facto spouses, parents and children) (**Related Persons**) in Company securities is that those persons should:

- (a) never engage in short term trading of Company securities;
- (b) not deal in Company securities while in possession of Inside Information (defined below);
- (c) in the case of key management personnel, notify the company secretary of any intended transactions involving Company securities; and
- (d) in the case of key management personnel, ensure any of their buying or selling of Company securities occurs outside of Prohibited Periods (defined below) unless prior written clearance is obtained in accordance with this policy.

### 1.2 Overview Of Insider Trading Provisions Of The Corporations Act

Under the Corporations Act 2001(Cth) (Corporations Act), it is illegal for anybody to deal in any securities of a body corporate (including the Company), when in possession of information that the person knows, or ought reasonably to know:

- (a) is not generally available (including information that the Company has not disclosed to the market in accordance with the Company's disclosure policy); and
- (b) might have a material effect on the price or value of those securities if it was generally available, (**Inside Information**).

This prohibition extends to procuring another person to deal, and, in the case of securities of listed corporations, extends to communicating the Inside Information to another person, if the person knows, or ought reasonably to know, that the other person would, or would be likely to, deal in the securities in question or procure another person to do so.

Examples of information that may be Inside Information include:

- (a) the status of major regulatory approvals sought by the Company;
- (b) the outcome of studies related to the Company's assets;
- (c) drilling results;
- (d) the financial performance of the Company;
- (e) the Company's capital structure, such as a proposed dividend or issue of securities;

- (f) actual or proposed major acquisitions and disposals of the Company's assets;
- (g) an actual or proposed takeover or merger;
- (h) major claims against the Company; or
- (i) entering into or terminating a major contract.

For the purpose of this policy:

- (a) dealing includes applying for, acquiring or disposing of, or entering into an agreement to apply for, acquire or sell, securities, and "deal" has a corresponding meaning;
- (b) securities include shares, derivatives and other financial products that can be traded on a financial market including financial products issued or created over Company securities by third parties and products which operate to limit economic risk in securities holdings in the Company; and
- (c) key management personnel means a director, the managing director, the company secretary, employees with the title "Manager" and any other person from time to time notified by the Board.

### 1.3 **Confidentiality And Inside Information**

While in possession of Inside Information about the Company, Applicable Persons must not:

- (a) deal in the Company's securities; or
- (b) procure, encourage, incite or induce any other person to deal in the Company's securities.

While it is acknowledged that Applicable Persons may have no control over Related Persons, dealings in Company securities by Related Persons has the potential to cause reputational damage to the Company. As a result, Applicable Persons are encouraged to counsel their Related Persons to comply with the restrictions set out above.

### 1.4 **Dealing With Security Analysts, Institutional Investors And Journalists**

Applicable Persons may be exposed to persons outside the Company such as security analysts, institutional investors and journalists. It is important that Applicable Persons are aware that selective disclosure of non-public information may result in a breach of the insider trading rules. Thus, if a report containing material non-public information concerning the Company was communicated only to local or trade journalists and if full public disclosure of the information was not made at the same time, it is possible that this may give rise to breach of the Corporations Act.

It is important to stress that it is the mere fact of conveyance of the material non-public information that gives rise to liability, not the manner in which it is conveyed. For example, the confirmation of an analyst's educated guess about a situation not known to the general public may be just as much a violation as the direct conveyance of information to an analyst. This is clearly the case even if the

analyst's case is based upon his or her independent and creative analysis of publicly available information.

Expressing subjective attitudes about the Company's performance or by calling attention to disparate pieces of information not available as an aggregate to the general public may also be a breach of this policy or the Corporations Act. It is essential to avoid the indirect conveyance of information by any means whatsoever.

If during the course of a discussion with an analyst, journalist or other outsider, material non-public information concerning the Company is disclosed, inadvertently or otherwise, the recipient of the information should be informed of its non-public nature and cautioned against its use unless and until the Company has made full public disclosure of that information. The company secretary should be notified of the situation immediately so that a decision can be made regarding disclosure of the information. In view of the pitfalls inherent in responding to analysts' projections and questions regarding previously undisclosed operating results or other developments, no comment at all should be made on these matters except to correct serious factual errors in situations in which the facts are in the public domain.

#### 1.5 **Restriction On Trading**

There is an overriding prohibition on dealing in Company securities when a person is in possession of Inside Information. In addition, key management personnel are at all times prohibited from dealing in Company securities for each period of 1 week before and 24 hours after each date upon which Company gives to the ASX its quarterly, half yearly or annual report. (**Closed Periods**).

Prohibited Period means:

- (a) any Closed Period; or
- (b) additional periods which are imposed by the entity as soon as senior management is aware of a matter that is considered to be price sensitive (or which the Chairman or the Managing Director deem to be price sensitive).

The Board may seek information from key management personnel about their level of ownership of Company securities and about any encumbrances or margin loans given in respect of those securities. The Board may also require them to keep the company secretary informed of changes to information provided.

#### 1.6 **Short-Term Trading**

In order to prevent the unfair use of information, key management personnel and their Related Persons are generally prohibited from short-term trading at all times. Short-term trading is a purchase and sale of the same securities within a 3 month period. The Board may, on application, exempt a key management personnel or their Related Persons from this prohibition in exceptional circumstances (see section 1.8).

#### 1.7 **Certain Dealings Excluded From Policy**

The following dealings in Company securities involving key management personnel (and/or their Related Persons) are excluded from the operation of this policy:

- (a) being issued securities in the Company under:
  - (i) a rights issue;
  - (ii) a dividend reinvestment plan;
  - (iii) a security purchase plan; or
  - (iv) an employee option plan, employee share acquisition scheme, executive share acquisition plan or similar arrangement;
- (b) disposing of securities:
  - (i) under a buy back or capital reduction made available to most or all the Company's security holders; or
  - (ii) as a result of a secured lender exercising their right under a margin lending arrangement;
- (c) disposing of entitlements under a renounceable pro rata rights issue;
- (d) accepting (or undertaking to accept) an offer under a takeover bid, disposing of securities under a scheme of arrangement or agreeing to cancel options over unissued shares in the Company in conjunction with a change of control transaction;
- (e) transferring Company securities to a superannuation fund or other saving scheme in which the Applicable Person or Related Person is a beneficiary;
- (f) investing in, or trading in units of, a fund or other scheme (other than a scheme investing only in Company securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (g) entering into a transaction where the beneficial interest in Company securities will not change; and
- (h) exercising an option over Company shares, exercising a right under an employee incentive scheme or converting a convertible security in the Company:
  - (i) outside a Prohibited Period; or
  - (ii) where the final date for exercising the option or right falls during a Prohibited Period and the key management personnel or Related Person could not reasonably have been expected to exercise the option or right at a time outside of a Prohibited Period.

#### 1.8 **Exemption To Deal During A Prohibited Period**

##### (a) Key Management Personnel

The Board may, in exceptional circumstances only, give prior written clearance to any member of key management personnel or their Related Persons to deal in Company securities during a Prohibited Period.

The Board may provide a written clearance by:

- (i) resolving to approve the clearance at a Board meeting and authorising a person (such as the company secretary) to provide the relevant

member of key management personnel with written details of the confirmation, including any terms approved by the Board;

- (ii) each director signing a written resolution approving the clearance on the same terms; or
- (iii) each director confirming by email that they consent to the clearance on the same terms.

(b) Exceptional Circumstances

Examples of exceptional circumstances include, but are not limited to:

- (i) severe financial hardship; or
- (ii) court orders requiring the sale of the securities in question.

(c) Requests For Prior Clearance

A request for prior clearance must be made by the relevant key management personnel and provided to the company secretary for distribution to the Board. If the relevant key management personnel (and/or their Related Persons) is granted clearance, the relevant key management personnel must comply (or procure that their Related Persons comply) with any terms imposed by the Board or relevant Company officers (such as the effective period of the clearance).

Prior clearance will not be granted if the Board or relevant Company officers (as applicable) consider that the Company is currently in possession of Inside Information.

All key management personnel and Related Persons that are granted prior clearance must promptly provide the company secretary with full details of any dealing made in reliance of the clearance.

## 1.9 Margin Lending

Key management personnel should ensure that when arranging finance either for themselves or through their Related Persons, where securities in the Company are provided as collateral, such obligations do not conflict with their obligations under this policy. In particular, key management personnel should ensure that the terms of any margin lending arrangements do not require dealings in Company securities at such time when key management personnel are prohibited from dealing in Company securities.

Within ten days of a key management personnel or a Related Person entering into a margin lending arrangement involving Company securities, the relevant key management personnel must provide the company secretary with the following information:

- (a) the number of Company securities that are subject to such arrangement;
- (b) the trigger events for disposal of such securities; and
- (c) any other information that may be relevant to the Company's continuous disclosure obligations, including the ability of the key management personnel or the Related Person (as applicable) to meet any margin call. If

a key management personnel has provided details of any margin lending arrangements, it must keep the company secretary informed of any change in circumstances that may be relevant to the Company's continuous disclosure obligations.

#### 1.10 **Derivatives**

Key management personnel may only enter into transactions involving derivatives (as defined in section 761D of the Corporations Act) (Derivatives) in respect of Company securities (including shares, performance options and performance rights) if the following criteria are satisfied:

- (a) the relevant securities are fully vested;
- (b) the Derivative has a maturity date that falls outside a Prohibited Period;
- (c) the Company is not a counterparty to the Derivative;
- (d) the Derivative is used for the purposes of protecting the value of an asset supporting a loan taken out for the exercise price of options granted by the Company or to protect the value of the security in respect of tax liabilities that may become due and payable; and
- (e) the Derivative transaction complies with all applicable laws.

The notification rules in section 1.11 of this policy apply to the use of Derivatives. At the time of making a notification, the relevant member of key management personnel must also provide evidence that the criteria set out above have been satisfied.

#### 1.11 **Notification Rules In Relation To Dealing in Company Securities**

##### (a) Key Management Personnel

In addition to complying with any requirement under section 1.8 to obtain prior written clearance, key management personnel are required to notify the Company of all intended dealings in Company securities by themselves or, if they are aware, their Related Persons, two days before such intended dealings. This should be done by written notice to the company secretary outlining:

- (i) the name of the security holder;
- (ii) the proposed date of dealing;
- (iii) the type of proposed transaction (purchase, sale, etc.); and
- (iv) the number of securities involved.

Following completion of the proposed dealing, the relevant member of key management personnel must provide confirmation to the company secretary that the dealing has occurred, and details of the price per security, within two days of the dealing.

##### (b) Directors

In addition to the requirements set out in section 1.11(a), within 3 business days of:

- (i) the director's appointment;
- (ii) a change to the director's interest in Company securities; or
- (iii) the effective date of the director's resignation as a director of the Company, the director must either complete, or provide sufficient information for the company secretary to complete, either an Appendix 3X, 3Y or 3Z (as applicable) to be filed with the ASX for the purposes of section 205G of the Corporations Act and ASX Listing Rule 3.19A.

#### 1.12 **Breaches of Policy**

Any breaches of this policy will be severely dealt with and may lead to summary termination. All Key management personnel will be provided with a copy of this policy and within ten days are required to provide the company secretary with a signed acknowledgement in the form attached in the annexure.



**ANNEXURE - FORM OF ACKNOWLEDGEMENT**

To: Okapi Resources Limited  
Attention: Company Secretary  
Securities Trading Policy

I have been supplied with a copy of the Company's securities trading policy.

I have read and considered the contents of the policy.

I give my unqualified undertaking to be bound by and comply with the letter and the spirit of the policy in all my dealings with or on behalf of the Company.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Location: \_\_\_\_\_

Date: \_\_\_\_\_