



LI-S ENERGY LIMITED  
ACN 634 839 857

## SECURITY TRADING POLICY

### 1 INTRODUCTION

- 1.1 During the performance of an employee's, a contractor's or a Director's duties, the employee, contractor or Director may become aware of, or come into contact with, information regarding the activities or potential activities of Li-S Energy Limited ("Li-S Energy" or "Company") that is not publicly available.
- 1.2 The *Corporations Act 2001* (Cth) ("**Corporations Act**") and common law fiduciary duties prohibit employees, other persons and Directors from trading in the Company Securities when they possess information which, if declared publicly, would be likely to affect the price or value of the Company Securities. This form of illegal conduct is commonly referred to as *insider trading*. The consequences for breaching the wide-ranging legislative provisions of the *Corporations Act* and common law duties which prohibit insider trading are serious.
- 1.3 In addition to the legal requirements, Li-S Energy has developed a policy which restricts Designated Persons trading in the Company Securities in certain circumstances.
- 1.4 For the purposes of this Policy:

**'Associate'** means a company controlled by a Designated Person, a trust of which a Designated Person is a trustee or a beneficiary, spouse, partner or child of a Designated Person.

**'Blackout Period'** means the periods listed in paragraph 4.3.

**'Company Securities'** includes shares issued by Li-S Energy and financial products issued or created over or in respect of shares issued by Li-S Energy.

**'Director'** means non-executive and executive Directors (including the Managing Director) and alternate Directors of the Company.

**'Designated Persons'** means and includes Directors, Key Management Personnel, employees and contractors of the Company.

**'Key Management Personnel'** has the meaning given to that term in AASB 124 (Related Party Disclosure) and includes without limitation Directors and Senior Executives who have authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

**'Managing Director'** means and includes the Chief Executive Officer or Deputy Chairman in the event that there is no person appointed and acting as Managing Director at the relevant time.

**'Relevant Interest'** in respect of a security, means the power to dispose of, or control the disposal of, that security.

**'Senior Executive'** means Chief Financial Officer, Company Secretary and other personnel nominated by the Directors with this title.

**"trade" or "deal"** means, in relation to securities, to apply for, acquire or dispose of, the securities or to grant, accept, acquire, exercise or discharge an option or other right or obligation to acquire or dispose of the securities or any other transaction involving a beneficial interest or a change in beneficial ownership of the securities or to enter into an agreement to do any of those things.

1.5 This document:

1.5.1 provides an outline of the insider trading and other relevant provisions of the *Corporations Act*;

1.5.2 sets out the rules relating to dealings by Designated Persons in Company Securities (***Trading Policy***).

1.6 The *Trading Policy* is designed to assist in the prevention of breaches of the insider trading provisions of the *Corporations Act*. Ultimately, it is the responsibility of the Designated Persons to ensure compliance with the law when trading in Company Securities.

## **2. INSIDER TRADING PROHIBITION**

### **The Nature of the Prohibition**

2.1 Section 1043A (of Part 7.10, Division 3) of the *Corporations Act* makes it an offence for a person in possession of information that is not generally available but which, if generally available, might materially impact the price or value of a company security to:

- trade in (that is, apply for, acquire or dispose of, or enter into an agreement to do any of these things); or
- procure another person to trade in Company Securities.

2.2 It is also an offence to "tip" the information to another person with the knowledge that the person could deal in Company Securities. Accordingly, the effect of this Section cannot be avoided by simply getting another person to deal on your behalf.

2.3 Accordingly, it will be inappropriate for a Designated Person who is in possession of confidential information to procure others (for example, an Associate) to trade when that Designated Person is precluded from trading in Company Securities.

### **How you become aware of the information is irrelevant**

2.4 It is irrelevant how and in what capacity the person came into possession of the information. This means that the prohibition will apply to any Designated Person who acquires inside "information" in relation to Company Securities regardless of the capacity in which that information is received.

### **Information which might affect price value**

2.5 The prohibition referred to in paragraph 2.1 refers to "unpublished" information which, if generally available, might materially impact the price or value of the Company Securities.

### **What does information include?**

- 2.6 "Information" includes matters of supposition or speculation of matters relating to the intentions or likely intentions of a person or the Company.

### **What information might materially affect price or value?**

- 2.7 This means information that a reasonable person would expect to have a material effect on the price or value of the Company Securities. A reasonable person would be taken to expect information to have a material effect on price or value if the information would be likely to influence persons who commonly invest in the Company Securities whether or not to do so.

- 2.8 Examples of this type of information may include:

- proposed changes in the capital structure, capital returns and buy backs of Company Securities;
- information relating to the Company's financial results;
- a material acquisition, divestment or realisation of assets; proposed dividends and share issues;
- changes to the Board;
- possible events which could have a material impact on profits (negatively or positively) for example, the loss or gaining of a major customer;
- information relating to the trial or commercial development of any technology
- proposed changes in the nature of a business of the Company;
- notification of the ASX of a substantial shareholding; and,
- any information required to be announced to the market pursuant to Listing Rule 3.1

### **What does "unpublished" mean?**

- 2.9 Unpublished for this purpose means that the information is not generally available. Information is generally available if it consists of readily observable matter, or it has been disseminated in a manner likely to bring it to the attention of investors and a reasonable period has elapsed.

- 2.10 Li-S Energy releases information to the ASX for announcement through the Company Announcements Platform. A copy of all announcements made to the ASX by Li-S Energy are available on [www.asx.com.au](http://www.asx.com.au) or, following release to the ASX, on the Company's website.

## **3. OTHER RELEVANT CORPORATIONS ACT PROVISIONS**

- 3.1 Officers<sup>1</sup> and employees of Li-S Energy are subject to the duties set out in Sections 182, 183 and 184 of the *Corporations Act*.

- 3.2 Officers of Li-S Energy are subject to additional duties outlined in Sections 180 and 181 of the *Corporations Act*.

- 3.3 These duties are summarised below.

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<sup>1</sup> This term includes a Director, Secretary or Executive Officer of Li-S Energy Limited. An Executive Officer is a person concerned in, or taking part in, the management of the company.

**No improper use of inside information (Sections 183 & 184)**

- 3.4 An officer or employee, or former officer or employee, must not make improper use of information acquired by virtue of his or her position as such an officer or employee to gain directly or indirectly, an advantage for himself or herself or for any other person, or to cause detriment to the Company.

**No gain by improper use of position (Sections 182 and 184)**

- 3.5 An officer or employee must not make improper use of his or her position as an officer or employee, to gain, directly or indirectly, an advantage for him or herself or for any other person, or to cause detriment to the Company.

**Care and diligence (Section 180)**

- 3.6 An officer must exercise their powers and discharge their duties with a degree of care and diligence that a reasonable person would exercise in the same circumstances.

**Good Faith (Sections 181 & 184)**

- 3.7 An officer must exercise their powers and discharge their duties in good faith in the best interests of the Company and for a proper purpose. An officer commits an offence if they are reckless or are intentionally dishonest and fail to exercise their powers and discharge their duties in good faith in the best interests of the Company and for a proper purpose.

**4. DEALING IN COMPANY SECURITIES**

- 4.1 In addition to the legal requirements detailed above, Li-S Energy has developed a policy restricting dealing in Company Securities by Key Management Personnel in certain circumstances.

- 4.2 The following section details the circumstances in which Key Management Personnel will be prohibited from trading in Company Securities.

**Restriction on Dealing during certain time periods**

- 4.3 Key Management Personnel are permitted to deal in Company Securities throughout the year except during the following periods:

- between 15 June and announcement of the Company's Annual results;
- between 15 December and announcement of the Company's Half Yearly results,
- 14 calendar days before release of the Chairman's Address to the AGM;

and ending on the day the announcement is released to the market (**Blackout Period**).

- 4.4 Nothing in this Policy affects the right of:

- Key Management Personnel from purchasing Company Securities pursuant to the Li-S Energy Limited Executive Rights Plan (as amended from time to time);
- Directors from purchasing Company Securities by the exercise of options granted to them with the approval of shareholders;
- Key Management Personnel from acquiring Company Securities pursuant to any Li-S Energy Limited Dividend Reinvestment Plan entered into and as amended from time to time;

- Conversion of a convertible security;
- Transferring Company Securities already held into a superannuation fund or similar scheme of which the Key Management Personnel is a member/beneficiary;
- Investing or trading in a fund or scheme where the investment decisions are made by a third party, provided that the fund or scheme does not invest exclusively in the Company Securities;
- Trading in Company Securities by Key Management Personnel as a trustee (who is not also a beneficiary of the trust) and the decision to trade is made by other trustees or investment managers independently of that member;
- An undertaking to accept, or the acceptance of, a takeover offer; or
- Trading under an offer or invitation made to all or most of the security holders in Li-S Energy, such as a share purchase plan, a rights issue or an equal buy-back plan where the timing and structure of the plan has been approved by the Board.

#### **Requirement to notify before dealing**

- 4.5 Where Key Management Personnel wish to deal in Company Securities whether during or outside a Blackout Period, that person must seek and obtain prior written approval from the person authorised to approve the trade in accordance with paragraph 5.1 or 5.2 as the case may be. Notification and approval are not required in relation to a proposed dealing referred to in paragraph 4.4.
- 4.6 The approval referred to in paragraph 4.5 must be sought before the proposed trade and must be in writing (by email or otherwise). The approval once given remains valid from the date it is given until the expiration of the applicable period specified below:
- 4.6.1 in the case of a proposed trade during a Blackout Period, 5 calendar days; or
- 4.6.2 in the case of a proposed trade outside a Blackout Period, 5 calendar days or such longer period specified in it (ending not later than the start of the next following Blackout Period).
- 4.7 Any approval to trade given under paragraph 4.6 is automatically revoked if the Key Management Personnel acquires inside information in relation to the Company Securities (within the meaning of paragraph 2), without the need for the person giving the approval to give written notice of the revocation.
- 4.8 Approval will not be given after the trading has occurred.
- 4.9 Key Management Personnel having received approval to trade in their own capacity or by his/her Associate must provide confirmation of trading in Company Securities as soon as possible following the trade.
- 4.10 Key Management Personnel must advise the Secretary in writing of all of their dealings in Company Securities (irrespective of whether it was a dealing in respect of which prior approval was obtained or not required) as well as trades by their Associates where that trade is known to Key Management Personnel.
- 4.11 In addition, any change in the nature of a Director's interest (direct or indirect) in Company Securities must be notified to the Company (within 3 calendar days of the change in interest occurring) and to the ASX in accordance with the *Corporations Act* and *Listing Rules* if the Director has a Relevant Interest in those securities.

4.12 The Secretary will prepare and lodge on behalf of the Director the relevant notification to the ASX and will confirm its release to the market at the next scheduled Board Meeting following its lodgement.

## 5. APPROVAL OF TRADING BY KEY MANAGEMENT PERSONNEL AND DISCRETION TO APPROVE TRADING DURING BLACKOUT PERIOD

5.1 Approval of trading in Company Securities by Key Management Personnel is required by:

5.1.1 the Chairman, or if absent the Chairman of the Audit Committee, for Key Management Personnel other than Directors;

5.1.2 the Chairman for Directors (other than the Chairman); and

5.1.3 the Chairman of the Audit Committee and one other Director for the Chairman.

5.2 If there are exceptional circumstances, and subject to legal restrictions:

5.2.1 the Chairman, or if absent the Chairman of the Audit Committee, in their discretion may waive parts of this Trading Policy, to allow Key Management Personnel other than the Directors to trade in the Company Securities during a Blackout Period;

5.2.2 the Chairman, in consultation with the Chairman of the Audit Committee, in their discretion may waive parts of this Trading Policy, to allow Directors (other than the Chairman) to trade in the Company Securities during a Blackout Period; and

5.2.3 The Chairman of the Audit Committee and one other Director in their discretion may waive parts of this Policy to allow the Chairman to trade in Company Securities during a Blackout Period.

5.3 A person cannot waive compliance with the requirements of this Policy if the waiver is sought in respect of their own intended dealing in Company Securities.

5.4 The discretion available under this part in relation to trading during a Blackout Period will be applied taking into account the hardship of the Key Management Personnel weighed against any perceived detriment to the reputation of the Company. Discretion may (but is not obliged to) be exercised if:

5.4.1 the circumstances relate to severe financial hardship or other exceptional circumstances (as set out in paragraph 5.5) or the proposed transfer is required to give effect to a court order, court enforceable undertaking or other legal or regulatory requirement;

5.4.2 the person does not have inside information; and

5.4.3 prior permission to the proposed trade during a Blackout Period is given in accordance with this Policy.

5.5 Key Management Personnel will be taken for the purpose of this Policy to:

5.5.1 be in **severe financial hardship** if, in the opinion of the person authorised to permit the proposed trade, the member has a pressing financial commitment and the proposed sale or transfer of their securities is the only reasonable course of action to overcome these circumstances; and

5.5.2 be subject to **other exceptional circumstances** if, in the opinion of the person authorised to permit the proposed trade under paragraph 5.2, the member's

circumstances are truly exceptional and the proposed sale or disposal of the securities is the only reasonable course of action to overcome these circumstances.

## **6. RELATED PARTIES & RELEVANT INTERESTS**

6.1 The restrictions on trading expressed in this Policy relative to Designated Persons apply equally to any trading in Company Securities by:

6.1.1 their spouses or de facto spouses;

6.1.2 or on behalf of any dependent under 18 years of age; and

6.1.3 any other person, trust, or other entity in which the Designated Person may be considered to have a Relevant Interest.

6.2 It is duty of the Designated Person to seek to avoid any such trading at a time when he or she is prohibited from trading in Company Securities.

## **7. MARGIN LOANS AND BAN ON HEDGING OF REMUNERATION OF KEY MANAGEMENT PERSONNEL**

7.1 Key Management Personnel must not enter into any margin loan without prior written notification to the Chairman and in the case of a proposed margin loan by the Chairman without prior written notification to the Board of Directors.

7.2 For the purposes of this Trading Policy, a margin loan means any borrowing or financial accommodation established for the purpose of investing in Company Securities where, if the market value of the Company Securities falls below a specified level, the lender can make a margin call requiring the borrower to either deposit additional funds or to dispose of Company Securities to maintain a minimum margin.

7.3 If a Director receives a margin call directly or indirectly involving Company Securities, the Director must immediately inform the Chairman (or the Board in the case of a margin call received by the Chairman) who in conjunction with the Chairman of the Audit Committee (or the Board in the case of a margin call received by the Chairman) is responsible for making a determination of whether disclosure to the market is required.

7.4 Key Management Personnel must not enter into an arrangement (with anyone) which would have the effect of limiting their exposure to the economic risk associated with holding any unvested Company Securities, or vested Company Securities which remain subject to a holding lock, issued or granted under any equity-based remuneration schemes operated by the Company.

## **8. EMPLOYMENT & MONITORING OF COMPLIANCE**

8.1 The following measures will be taken to promote compliance with the Law, the Listing Rules and this Trading Policy in the context of trading in the Company Securities:

8.1.1 subject to 8.1.2, a summary of this document will be distributed to all Designated Persons with a full copy available to each Designated Person upon request;

8.1.2 a copy of the complete Trading Policy will be provided to Key Management Personnel (present and future) as persons most likely to receive confidential information regarding the Company;

8.1.3 a copy of the Trading Policy will also be available on the Company's website;

8.1.4 the induction procedures for new employees must require that a summary of the

Trading Policy be provided to each new employee, and in the case of a new Key Management Personnel, a copy of this Trading Policy must be provided;

- 8.1.5 all new employees will be required to complete a form of acknowledgment to the Personnel Manager for filing in the employee's personnel file;
- 8.1.6 all new Directors will be required to provide a written acknowledgment of receipt of a copy of the Trading Policy to the Company Secretary for filing in the Director's Interest Register;
- 8.1.7 the Chairman will ensure that the insider trading prohibition and related Corporations Act provisions are drawn to the attention of employees and Directors by written memorandum, at least once in every 12-month period;
- 8.1.8 at least once in every 12-month period, the Board of Directors will review the Company's compliance with the procedures set out in this document.

## **9. CONCLUSION**

- 9.1 Compliance with the terms of this Trading Policy is mandatory.
- 9.2 Contravention of the insider trading provisions is a serious issue.
- 9.3 The consequences for breaching the law in this area may include a substantial monetary penalty, imprisonment or both.
- 9.4 If a Designated Personnel receives or possesses information regarding the activities or potential activities of the Company that is not publicly available, they are not to make use of that information or enable any other person or party to make use of that information for the purpose of trading in Company Securities.
- 9.5 Any Key Management Personnel who does not comply with the law or the terms of this Trading Policy will be considered to have engaged in serious misconduct which may result in the termination of their employment or services (as the case may be) with the Company.

Dated: July 2021