



## **POSEIDON NICKEL LIMITED**

("the Company")

### **7 DEALINGS IN POSEIDON NICKEL LIMITED SECURITIES**

#### **PURPOSE**

The purpose of this Policy is to:

- (a) provide a brief summary of the law which prohibits insider trading;
- (b) set out restrictions on dealing in securities by key management personnel of Poseidon Nickel Limited ("Poseidon"); and
- (c) assist in maintaining market confidence in the integrity of dealings in Poseidon's securities.

#### **POLICY**

Whenever a person has inside information which may affect the value of securities, they must not:

- (a) deal in those securities; or
- (b) communicate the information to anyone else

This rule applies regardless of how the inside information was obtained. It applies not only to Poseidon securities but also to the securities of other companies.

#### **WHO IS COVERED BY THIS POLICY**

This policy applies to Restricted Persons - the key management personnel of Poseidon. This includes all Directors, executive employees, contractors, consultants and employees.

Not only does this policy cover a Restricted Person of Poseidon but it applies equally to any dealings by their:

- (a) spouses – marriage or de facto;
- (b) dependents under the age of eighteen (18) years old; and
- (c) related parties (as defined in the Corporations Act 2001) - for example if a Restricted Person is a trustee of a trust and is also a beneficiary of the trust, the Restricted Person must not purchase or procure the purchase of Poseidon securities on behalf of the trust

#### **THE SECURITIES COVERED BY THE POLICY**

This Policy applies to the following securities:

- (a) Poseidon securities;
- (b) Any other securities issued by Poseidon, such as options;
- (c) Derivatives and other financial products issued or created over or in respect of Poseidon securities; and
- (d) Securities of any other company or entity that may be affected by inside information

**INSIDE INFORMATION**

Inside information is information that:

- (a) is generally not available to people who commonly invest in securities; and
- (b) if it was generally available, would or likely to have a material effect on the price or value of Poseidon securities and would influence persons who commonly invest in financial products whether or not to do so.

It is irrelevant how or in what capacity the person came into possession of the information.

Determining what is inside information can at times be subjective and not only does one need to consider the financial impact of the information but also the strategic and other implications can be equally important in determining what amounts to inside information.

Inside information about Poseidon could include

- Proposed changes in the capital structure, capital returns and buy backs of financial products;
- Information relating to Poseidon's financial results;
- Material (more than 5%) changes in Poseidon's financial forecasts or expectations;
- A material acquisition, divestment or realisation of assets;
- Material drill results or the likely discovery of a major ore body;
- Proposed dividends and share issues;
- Changes to the Board;
- Possible events which could have a material impact on profits (negatively or positively);
- Proposed changes in the nature of the business of Poseidon;
- Notification to Poseidon of a substantial shareholding;
- Any information required to be announced to the market pursuant to ASX Listing Rule 3.1.

Restricted Persons must not engage in short term or speculative dealing in Poseidon securities.

**Available Information**

Information relating to Poseidon that would fall outside the ambit of inside information is that which is available after it has been released to the Australian Securities Exchange (ASX) and the ASX has fully disseminated that information to the market.

**THE LAW**

The principal insider trading prohibition in Australian law is contained in section 1043A of the Corporations Act.

The *Corporations Act* contains provisions which prohibit a person in possession of inside information relating to a company from dealing in any way with shares, options or other securities issued by that company or issued or created over the company's securities by third parties.

In very broad terms insider trading will be committed, when a person:

- (a) Deals in Poseidon securities or securities of another entity whilst having inside information; or

- (b) Tips – communicates inside information to another person knowing that the other person would or likely to use that information to deal in, or procure someone else to deal in securities.

### **DEALINGS IN POSEIDON SECURITIES**

Dealing in Poseidon Securities includes:

- (a) trading in securities encompassing subscribing for, buying, selling or entering into an agreement to do any of those things; and
- (b) communicating through advising, procuring or encouraging any other person to trade in Poseidon securities

Communicating to any other person includes: a family member, friend, associate, colleague, broker, financial planner, investment adviser, family company or family trust.

### **DEALINGS IN POSEIDON SECURITIES BY RESTRICTED PERSONS**

#### **Trading Windows**

Restricted Persons are not permitted to deal in Poseidon securities during a Prohibited Period.

Prohibited Period for the purposes of this Trading Policy is defined as:

- (a) a closed period - the period of time outside a Trading Window; or
- (b) additional periods when Restricted Persons are not allowed to trade which is imposed by Poseidon from time to time; this is likely to occur when Poseidon is considering matters which are subject to Listing Rule 3.1A.

Restricted Persons of Poseidon (or any family member or associate over whom they have influence) are prohibited from dealing in Poseidon Securities unless such trading occurs during a nominated "Trading Window".

Unless the Board otherwise directs, in its absolute discretion, Trading Windows will be opened at the following times:

- (a) for a period of two (2) weeks following the public release by Poseidon of its quarterly reports including Appendix 5B to the ASX (commencing on the trading day of the release); and
- (b) for a period of two (2) weeks following the public release by Poseidon of its annual and half year results to the ASX (commencing on the trading day of the release);

The Trading Window opportunities whereby Restricted Persons are able to trade in Poseidon securities is limited to twelve (12) weeks in any one year, the remainder of the time is defined as a Closed Period. During these Closed Periods no trading in Poseidon Securities may occur without the permission of the Company Secretary or Managing Director.

A Prohibited Period may be called at any time by the Chairman or Managing Director.

Notice of Prohibited Periods or changes thereto will be distributed by the Company Secretary to Restricted Persons by email. Changes to Prohibited Periods are effective immediately.

#### **When is Dealing Permitted**

Subject to the rules of any Poseidon employee or executive share or option plans, Restricted Persons can deal in Poseidon securities at any time:

- (a) during the Trading Windows, providing;
- (b) they do not have inside information; and
- (c) they are not involved in short term or speculative dealing

**Notice of Intent to Deal in Poseidon Securities**

A Restricted Person may seek a waiver to *purchase* Poseidon securities outside the Trading Windows.

In the case of Poseidon employees the written waiver must be addressed to the Company's Managing Director and for Directors, executive employees, contractors and consultants their written waiver notice must be addressed to the Company Secretary, or in the case of the Company Secretary to the Managing Director. A copy of all such notices will be sent to the Company Secretary for the official file.

The notice to deal must include a statement that they do not believe they are in possession of any Insider Information and are not involved in short term or speculative dealing in Poseidon securities as well as:

- (a) the name of the Restricted Person and Related Party (if applicable);
- (b) whether the interest in the Company's Securities held by the Restricted Person was direct or indirect (and if it was indirect, the circumstances giving rise to the interest);
- (c) the date of the Dealing;
- (d) the amount paid or received for the Securities; and
- (e) the number of Securities held by the Restricted Person, directly and indirectly, before and after the trading in Securities.

Approval will be applied taking into account the circumstances of the Restricted Person, the number of securities to be acquired and weighing this against any perceived detriment to Poseidon's reputation or risk to a stable market for Poseidon's securities.

The Restricted Persons must confirm with the Company Secretary that the dealing has occurred within three (3) business days. A copy of all purchase confirmations will be sent to the Company Secretary for the official file.

The Company Secretary will notify the Board of all purchases by Directors and executive employees as soon as reasonably practicable.

**Trading Under Exceptional Circumstances**

A Restricted Person who is not in possession of inside information in relation to Poseidon may be given prior written clearance to *sell or dispose* of their Poseidon securities outside the Trading Windows where there are exceptional circumstances.

Examples of what constitutes exceptional circumstances are:

- (a) severe financial hardship which means a Restricted Person has a pressing financial commitment that cannot be satisfied otherwise than by selling the Securities;
- (b) court order requiring the sale or transfer of Poseidon securities; or
- (c) a situation determined by the Chairman or Managing Director to be an exceptional circumstance.

Trading under exceptional circumstances must be made in writing (including electronic format) to the Managing Director through the Company Secretary. Retrospective approval can not be granted, the approval to sell or dispose of securities must be obtained in advance of the trade.

The application must include:

- (a) the name of the Restricted Person;
- (b) whether the interest in the Company's Securities held by the Applicant is direct or indirect (and if it is indirect, the circumstances giving rise to the interest);
- (c) a description of the sale or disposal;

- (d) the proposed date of the sale or disposal;
- (e) the number of Securities to be sold or disposed of;
- (f) the amount to be paid or received for the Securities; and
- (g) the number of Securities held by the Applicant, directly and indirectly, before and after the sale.

Written approval (including electronic format), if granted will expire within fourteen (14) days of being granted or such shorter or longer period as specified.

### **Trading Excluded from the Policy**

The following types of trading are specifically excluded from the operation of the Trading Policy:

- (a) the issue of Poseidon securities to Directors under the Poseidon Nickel Limited Director Share Plan in lieu of Director Fees;
  - (b) the issue of Poseidon securities under the Poseidon Nickel Limited Employee Share Option Plan;
  - (c) transfers of securities of Poseidon already held into a superannuation fund or other saving scheme in which the member of Personnel is a beneficiary;
  - (d) undertakings to accept, or the acceptance of, a takeover offer;
  - (e) 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 investment plan (DRP) and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board;
  - (f) a disposal of securities of the entity that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement; and
  - (g) the exercise (but not the sale of securities following 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 Closed Period and where the member of Personnel could not reasonably have been able to exercise at a time when free to do so; and
- (a) 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:
- Personnel did not enter into the plan or amend the plan during a Trading Window; and
  - the trading plan does not permit Personnel to exercise any influence or discretion over how, when, or whether to trade.

### **ASX DISCLOSURE OBLIGATIONS**

The acquisition or sale of Poseidon securities by Poseidon Directors must be disclosed to the ASX under Listing Rule 3.19A within five (5) business days of the transaction taking place.

The details of the dealing must be provided to the Company Secretary as soon as possible after the dealing to allow the Company Secretary adequate time to complete and release of the documentation to the ASX on the Director's behalf. Details of any changes in Directors' interest in Poseidon securities must be noted in the Board minutes of the next meeting.

Restricted persons with a substantial shareholding in Poseidon securities (more than 5% of the issued capital) are also required to comply with the substantial shareholding notification provisions of the Corporations Act 2001 when there is a change in their holding. In this instance a notice must be provided to the ASX and to Poseidon in the prescribed form within two (2) business days of the change.

**OTHER OBLIGATIONS**

Restricted Persons also owe a duty of confidentiality to Poseidon. Restricted Persons must not reveal any confidential information concerning Poseidon, use that information in any way that may cause loss to Poseidon or use that information to gain an advantage for themselves.

In addition, a breach of the prohibitions contained in the *Corporations Act* is a criminal offence punishable by imprisonment for up to five years, a fine of up to \$220,000, or both.

Strict compliance with the Trading Policy is mandatory for all Restricted Persons covered by the Policy. Breaches of the Policy may damage the reputation of Poseidon in the investment community and undermine confidence in the market for Poseidon securities.

Breaches of the policy will be taken very seriously and will be subject to disciplinary action, including possible termination of employment. Reports of any breaches of the Policy will be forwarded to the Audit Committee.

**REVIEW OF THIS POLICY**

This Policy will be reviewed regularly by the Company's Directors having regard to the changing circumstances of the Company and any changes to this Policy will be notified to affected persons in writing.

If Directors and Senior Executives have any comments or views concerning the operation or effectiveness of this Policy, they should be communicated to the Company Secretary.

**Last Updated:**

23 November 2010