

GRUDEN

Securities Trading Policy

The Gruden Group Limited

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ABN 56 125 943 240

Approved by the Board on 26 May 2016

1. Introduction

These guidelines set out the policy on the sale and purchase of securities in Gruden by its Directors and employees, consultants, contractors and officers (“Employees”).

Directors and Employees are encouraged to be long-term holders of Gruden’s securities. However, it is important that care is taken in the timing of any purchase or sale of such securities.

The purpose of these guidelines is to assist Directors and Employees to avoid conduct known as ‘insider trading’. In some respects, Gruden’s policy extends beyond the strict requirements of the Corporations Act and the ASX Listing Rules.

This policy applies to Directors, Employees and their nominees, agents or other associates, such as family members, family trusts and family companies. It operates in addition to any legal requirements.

2. What types of Transactions are Covered by This Policy?

This policy applies to both the sale and purchase of any securities of Gruden and its subsidiaries.

Currently the securities are:

- a. shares in Gruden to be listed on ASX; and
- b. options to acquire shares in Gruden, not listed on ASX.

3. What is Insider Trading?

3.1 Prohibition

Insider trading is a criminal offence under the Corporations Act 2001. It may also result in civil liability. Penalties can include both fines and imprisonment. In broad terms, a person will be guilty of insider trading if:

- a. that person possesses information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material

effect on the price or value of Gruden's securities (i.e., information that is 'price sensitive');

- b. and that person:
 - i. buys or sells securities in Gruden; or
 - ii. procures someone else to buy or sell securities in Gruden; or
 - iii. passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities of Gruden.

3.2 Examples

To illustrate the prohibition described above, the following are possible examples of price sensitive information which, if made available to the market, may be likely to affect materially the price of Gruden's securities:

- a. Gruden considering a major acquisition or disposal of assets;
- b. the threat of major litigation against Gruden;
- c. Gruden's sales and profit results materially exceeding (or falling short of) the market's expectations;
- d. a material change in debt, liquidity or cash flow;
- e. a significant new development proposal ie, updated drilling results;
- f. the granting (or loss) of a major contract;
- g. management or business restructuring proposal; and
- h. a share issue proposal.

3.3 Dealing through third parties

A person does not need to be a Director or Employee of Gruden to be guilty of insider trading in relation to securities in Gruden. The prohibition extends to dealings by

Directors and Employees through nominees, agents or other associates, such as family members, family trusts and family companies (referred to as “Associates” in these guidelines).

3.4 Information however obtained

It does not matter how or where the person obtains the information – it does not have to be obtained from Gruden to constitute inside information.

3.5 Employee share schemes

The prohibition does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme. However, the prohibition does apply to the sale of shares acquired under an employee share scheme and also to the sale of shares acquired following the exercise of an option granted under an employee option scheme.

4. Guidelines for trading in Gruden’s securities

4.1 General rule

The time for any Director or Employee to buy or sell Company securities is limited to the four (4) week period from the:

- a. date of Gruden’s annual general meeting;
- b. release of the quarterly results announcement to ASX;
- c. release of the half yearly results announcement to ASX;
- d. release of the preliminary final results announcement to ASX; or
- e. release of a disclosure document offering securities in Gruden.

All other times are **Closed Periods** (unless determined otherwise by the Board). Gruden may approve a Director or Employee to buy or sell Company securities during a Closed Period subject to the prior written approval of the Chair and the CEO. Such approval will normally only be granted in cases of financial hardship or other exceptional circumstances.

However, if a Director or Employee of Gruden is in possession of price sensitive information which is not generally available to the market, then he or she must not deal in Gruden's securities at any time.

4.2 No short-term trading in Gruden's securities

Employees should never engage in short-term trading of Gruden's securities except for the exercise of options where the shares will be sold shortly thereafter or with the written consent of the CEO and the Chair (which will normally only be granted in cases of financial hardship or other exceptional circumstances). Short term trading is a purchase and sale of the same securities within a six month period.

4.3 Securities in other companies

Buying and selling securities of other companies with which Gruden may be dealing is prohibited where an individual possesses information which is not generally available to the market and is 'price sensitive'. For example, where an individual is aware that Gruden is about to sign a major agreement with another company, they should not buy securities in either Gruden or the other company.

4.4 Exceptions

- a. Directors and all Employees may at any time:
 - i. acquire ordinary shares in Gruden by conversion of securities giving a right of conversion to ordinary shares;
 - ii. acquire Company securities under a bonus issue made to all holders of securities of the same class;
 - iii. acquire Company securities under a dividend reinvestment, or top-up plan that is available to all holders or securities of the same class;
 - iv. acquire, or agree to acquire or exercise options under a Company share option plan;
 - v. withdraw ordinary shares in Gruden held on behalf of the employee in an employee share plan where the withdrawal is permitted by the rules of that plan; and

- vi. acquire ordinary shares in Gruden as a result of the exercise of options held under an employee option scheme.
- b. This Policy does not apply to:
- i. dealings in Gruden's securities held by a Director or an Employee in a superannuation fund in which the Director or Employee is a beneficiary and any decision to trade in Gruden securities is taken by the trustees of the fund or the investments managers independently of the Director or Employee;
 - ii. an investment in or trading in units of a fund or other scheme (other than a scheme only investing in the securities of Gruden) where the assets of the fund or other scheme are invested at the discretion of a third party;
 - iii. where a Director or an Employee is a trustee trading in Gruden securities by that trustee provided the Director or Employee is not a beneficiary of the trust and the decision to trade is made by the other trustees or investment managers independent of the Director or Employee;
 - iv. undertakings to accept or the acceptance of a takeover offer; and
 - v. dealings under and offer or invitation made to all or most of the security holders of Gruden such as a rights issue, a security purchase plan a dividend or distribution reinvestment plan and an equal access buy back approved by the Gruden Board.
- c. Gruden may operate an employee option or deferred bonus plan and accordingly Directors and Employees should note that:
- i. it is not permissible to provide the exercise price of options by selling the shares acquired on the exercise of these options unless the sale of those shares occurs during one of the 4 week periods specified in paragraph 4.1; and
 - ii. where the exercise price of options is being provided by a margin loan or other form of lending arrangement then there may be a risk that the employee or Director may need to sell shares to avoid providing additional capital or security to the lender in the event of a decrease in the value of the shares.

Were this to occur at a time when the person possessed inside information then the sale of Company securities would be a breach of insider trading laws, even though the person's decision to sell was not influenced by the inside information that the person possessed and the person may not have made a profit on the sale. Where Company securities are provided to a lender as security by way of mortgage or charge a sale that occurs under that mortgage or charge as a consequence of default would not breach insider trading laws.

4.5 Notification of periods when Directors and Employees can trade

The Company Secretary will endeavour to notify all Directors and Employees of the times when they are permitted to buy or sell Gruden's securities as set out in paragraph 4.1.

5. Director approval and employee notification requirements

Any Director wishing to buy, sell or exercise rights in relation to Gruden's securities must obtain the prior written approval of the Chair or the Board before doing so.

If the Chair wishes to buy, sell or exercise rights in relation to Gruden's securities the Chair must obtain the prior written approval of the Board before doing so.

Any first line report of the CEO wishing to buy, sell or exercise rights in relation to Gruden's securities must obtain the CEO and the Chair's prior written approval before doing so.

Any Director or Employee who (or through his or her Associates) buys, sells, or exercises rights in relation to Company securities must notify the Company Secretary in writing of the details of the transaction within five (5) business days of the transaction occurring. This notification obligation operates at all times but does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme.

The form to complete and send to the Company Secretary is available on request from the Company Secretary.

6. Asx and other securities exchanges notification for directors

The ASX Listing Rules require Gruden to notify ASX within 5 business days after any dealing in securities of Gruden (either personally or through an Associate) which results in a change in the relevant interests of a Director in the securities of Gruden. Gruden has made arrangements with each Director to ensure that the Director promptly discloses to the Company Secretary all the information required by ASX.

7. Compliance with this policy

It is the personal responsibility of all Directors and Employees to comply with this Policy. Compliance with these Guidelines for trading in Gruden's securities does not absolve that individual from complying with the law, which must be the overriding consideration when trading in Gruden's securities.

Failure to comply with this policy is extremely serious and may result in disciplinary action, including termination of employment. Gruden may at any time request a Director or Employee to confirm in writing that they have complied with this Policy or to provide details of any dealings in Gruden's securities.

Any queries in respect of the application of this Policy should be addressed to the Company Secretary.