

Securities dealing policy – Insider Trading and Market Manipulation

Renergen Limited

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Preliminary

As a company listed on Johannesburg's Alternative Stock Exchange (**JSE Alt^X**) and the Australian Stock Exchange (**ASX**), this policy addresses dealing in Renergen Limited (the **Company** or **Renergen**) securities in compliance with the laws of South Africa and Australia, the JSE Listing Rules and the ASX Listing Rules.

Although the intent of the insider trading and market manipulation rules in both countries is similar, the technical requirements are expressed differently. As such, this policy comprises two separate sections, as follows:

- (1) Section 1 – South African securities dealing requirements; and
- (2) Section 2 – Australian securities dealing requirements.

Each set of requirements and this policy has been adopted by the board of directors of the Company (**Board**).

Section 1 – South African securities dealing requirements

1 Overview

- 1.1 The following section of the policy has been drafted from excerpts from the JSE Insider Trading and Other Market Abuses Booklet.
- 1.2 The JSE Limited (**JSE**) and the Financial Markets Act 19 of 2012 (which has superseded the Securities Services Act 36 of 2004) (**FMA**) have stipulated requirements regarding dealing in Securities of companies listed on the JSE and prohibitions on dealing in Securities in certain circumstances. Renegen and its employees are therefore required to comply with those requirements.

2 Insider Trading

- 2.1 In terms of section 73(1)(a) of the Act: "An insider who knows that he or she has inside information and who deals directly or indirectly or through an agent for his or her own account in the securities listed on a regulated market to which the inside information relates or which are likely to be affected by it commits an offence."
Inside information is defined by the Act as:
 - (1) Section 72: "... specific or precise information, which has not been made public and which;
 - (a) is obtained or learned as an insider; and
 - (b) if it were made public would be likely to have a material effect on the price or value of any security listed on a regulated market.
- 2.2 It is also necessary to consider when information will be considered to be public. Section 74 of the Act determines that information has been made public:
 - (1) When the information is published in accordance with the rules of the relevant regulated market for the purpose of informing clients and their professional advisers;
 - (2) when the information is contained in records which by virtue of any enactment are open to inspection by the public; or
 - (3) when the information can be readily acquired by those likely to deal in any listed securities
 - (a) to which the information relates; or
 - (b) of an issuer to which the information relates; or
 - (c) when the information is derived from information which has been made public.
- 2.3 In addition, section 74 determines that:
 - (1) Inside information which would otherwise be regarded as having been made public must still be so regarded even though:

- (a) it can be acquired only by persons exercising diligence or observation, or having expertise;
- (b) it is communicated only on payment of a fee, or
- (c) it is only published outside the Republic.

3 Who is an insider?

3.1 An insider is defined under Section 72 of the Act as:

- (1) Insider means a person who has inside information;
 - (a) Through:
 - (i) being a director, employee or shareholder of an issuer of securities listed on a regulated market to which the inside information relates; or
 - (ii) having access to such information by virtue of employment, office or profession; or
 - (b) where such person knows that the direct or indirect source of the information was a person contemplated in paragraph (a).

4 Market Manipulation

4.1 Prohibited trading practices (market manipulation) is an offense in terms of section 75 of the Act, which reads as follows:

- (1) No person may –
 - (a) either for such person's own account or on behalf of another person, directly or indirectly use or knowingly participate in the use of any manipulative, improper, false or deceptive practice of trading in a security listed on a regulated market, which practice creates or might create;
 - (i) a false or deceptive appearance of the trading activity in connection with; or
 - (ii) an artificial price for, that security;
 - (b) place an order to buy or sell listed securities which, to his or her knowledge will, if executed, have the effect contemplated in paragraph (a).
- (2) A person who contravenes subsection (1) commits an offense.
- (3) Without limiting the generality of subsection (1), the following are deemed to be manipulative, improper, false or deceptive trading practices:
 - (a) Approving or entering on a regulated market an order to buy or sell a security listed on that market which involves no change in the beneficial ownership of that security;
 - (b) approving or entering on a regulated market an order to buy or sell a security listed on that market with the knowledge that an opposite order or orders of substantially the same size at substantially the same time and at

substantially the same price, have been or will be entered by or for the same or different persons with the intention of creating

- (i) a false or deceptive appearance of active public trading in connection with; or
- (ii) an artificial market price for, that security;
- (c) approving or entering on regulated market orders to buy a security listed on that market at successively higher prices or orders to sell a security listed on that market at successively lower prices for the purpose of unduly or improperly influencing the market price of such security;
- (d) approving or entering on a regulated market an order at or near the close of the market, the primary purpose of which is to change or maintain the closing price of a security listed on that market;
- (e) approving or entering on a regulated market an order to buy or sell a security listed on that market during any auctioning process or pre-opening session and canceling such order immediately prior to the market opening, for the purpose of creating or inducing a false or deceptive appearance of demand for or supply of such security;
- (f) effecting or assisting in effecting a market corner;
- (g) maintaining at a level that is artificial the price for dealing in securities listed on a regulated market;
- (h) employing any device, scheme or artifice to defraud any other person as a result of a transaction effected through the facilities of a regulated market; or
- (i) engaging in any act, practice or course of business in respect of dealings in securities listed on a regulated market which is deceptive or which is likely to have such effect.

5 Market Manipulation Guidelines to Consider

5.1 Never

- (1) Deliberately trade with yourself especially if the trade would change the price or give the false impression of volume at that price and induce other to act on the back of that trade.
- (2) Deliberately trade in the auction in the last few seconds where the trade would:
 - (a) result in a change in price;
 - (b) where that change in price would benefit you through:
 - (i) Inducing other to act on that price to their detriment
 - (ii) Fees or commissions earned calculated on such price
 - (iii) Improved margin or risk position with clearer or counterparty.

5.2 Avoid

- (1) Trading in the auction in the last few seconds where the trade is likely to impact the price unless your motivation is solely to get the volume done or close the position.
- (2) Crossing spreads in small volumes just to create a new price unless you are seeking liquidity which may come about as a result of the price and where others have an opportunity to narrow the spread.

Section 2 – Australian securities dealing requirements

1 Explanation of terms

1.1 For the purposes of this policy:

- (1) **dealing in securities** includes:
 - (a) applying for, acquiring or disposing of, securities;
 - (b) entering into an agreement to apply for, acquire or dispose of, securities;
 - (c) granting, accepting, exercising or discharging an option or other right or obligation to acquire or dispose of securities;
 - (d) trading in financial products issued or created over securities of the Company; and
 - (e) entering into transactions in financial products which operate to limit the economic risk of security holdings,

whether personally or through nominees, agents or other associates, such as family members, family trusts and family companies;
- (2) **designated officer** means:
 - (a) in the case of the Directors, the Chair;
 - (b) in the case of the Chair, the Chair of the Risk and Compliance Committee;
 - (c) in the case of employees or contractors of the group other than the Directors, the Company secretary;
- (3) **Director** means any director of the Company from time to time;
- (4) **group** means the Company and each of its subsidiaries (as that term is defined in the *Corporations Act 2001* (Cth));
- (5) **key management personnel** has the meaning given to it in the ASX Listing Rules and includes the Chief Executive Officer, Chief Financial Officer, the Company secretary and all employees having significant knowledge of, or significant authority and responsibility for planning, directing and controlling all or major parts of the activities of the group;
- (6) **securities** includes shares in the Company, options over those shares and any other financial products of the Company traded on ASX; and
- (7) **trading day** means any day that the ASX is open for trading.

2 Objectives

- 2.1 Directors, employees and contractors of the group are encouraged to be long-term holders of the Company's securities.
- 2.2 The objectives of this policy are to:
- (1) minimise the risk of Directors, employees and contractors of the group contravening the laws against insider trading;
 - (2) ensure the Company is able to meet its reporting obligations under the ASX Listing Rules; and
 - (3) increase transparency with respect to dealing in securities of the Company (including shares and options) by its Directors and key management personnel.
- 2.3 To achieve these objectives, Directors, employees and contractors of the group should consider this policy to be binding on them in the absence of a specific exemption by the Board.

3 What is insider trading?

- 3.1 The *Corporations Act 2001* (Cth) prohibits persons who are in possession of information that is not generally available to the public and which a reasonable person would expect to have a material effect on the price or value of securities in the Company (**Price Sensitive Information**) from:
- (1) dealing in the securities; or
 - (2) communicating the Price Sensitive Information to others who might deal in the securities.
- 3.2 This prohibition extends to dealings through nominees, agents or other associates, such as family members, family trusts and family companies.
- 3.3 Information is generally available to the public if, amongst other things, it consists of readily observable matters or it has been brought to the attention of investors by an announcement with ASX Limited (**ASX**) and a reasonable period for its dissemination has elapsed since the announcement.
- 3.4 Directors, employees and contractors of the group will from time to time be in a situation where they are in possession of Price Sensitive Information. Price Sensitive Information may include:
- (1) a change in financial forecasts or expectations;
 - (2) mergers, demergers, acquisitions and divestments, including the existence of any negotiations or proposals in respect of those things;
 - (3) a proposed dividend or change in dividend policy;
 - (4) liquidity and cash flow information;
 - (5) significant litigation, or the threat of significant litigation, involving the group or any material development in any existing litigation involving the group;

- (6) proposed changes in capital structure of the group, including issues of securities, rights issues, the redemption of securities and capital reconstructions;
 - (7) significant new contracts or customers (or the loss of any existing significant contracts or customers);
 - (8) changes to the Board or key management personnel;
 - (9) non-public decisions on significant issues affecting the group by regulatory bodies in Australia or other relevant jurisdictions (such as the Australian Securities and Investments Commission or the Australian Competition and Consumer Commission); and
 - (10) any other information which may have a material effect on the Company's financial position or performance.
- 3.5 Importantly, information does not have to be obtained from the Company to constitute Price Sensitive Information.
- 3.6 For these reasons, if any person believes that they may be in possession of Price Sensitive Information, the advice of the designated officer should be sought prior to any dealings in securities taking place during any period and prior to communicating the Price Sensitive Information to others who might deal in the securities, and steps should be taken to ensure that the designated officer is advised of all relevant considerations by the person that believes they may be in possession of Price Sensitive Information.

4 Restrictions when in possession of Price Sensitive Information

- 4.1 Directors, employees and contractors of the group in possession of Price Sensitive Information must not at any time:
- (1) deal in securities of the Company;
 - (2) advise, procure, encourage or suggest another person deal in securities of the Company; or
 - (3) communicate the Price Sensitive Information, or cause the Price Sensitive Information to be communicated, to a person who may deal in securities of the Company or may procure another person to deal in securities of the Company.
- 4.2 A contravention of the insider trading prohibitions is an offence and exposes a person to criminal and civil liability, including liability under civil damages actions and compensation orders. The penalties for a breach of the insider trading prohibitions are serious and include severe fines and imprisonment.
- 4.3 Key management personnel must ensure that external advisors who receive Price Sensitive Information are bound by a confidentiality agreement or other enforceable confidentiality obligations.
- 4.4 From time to time, the Company may publish a list of companies whose securities Directors, employees and contractors of the group are prohibited from dealing in due to the Company being in possession of Price Sensitive Information in respect of those companies (**Restricted Securities List**). Directors, employees and contractors of the group must not deal in securities of companies on the Restricted Securities List at any time.

5 No short-term dealing in securities of the Company

- 5.1 Directors and key management personnel must not without approval of the Chairman engage in short-term dealing in securities of the Company.
- 5.2 Short-term dealing is considered to be dealing where the acquisition and disposal of securities occurs within 3 months of each other.

6 Dealing in securities of the Company during Trading Window only

- 6.1 Subject to clause 7, in addition to the restrictions in clauses 4 and 5, and the terms of any voluntary escrow deed entered into with the Company, Directors and key management personnel must only deal in securities of the Company during:
- (1) the six week period commencing 24 hours after the announcement of the Company's half yearly or annual financial results to ASX but subject to any additional restriction that the Company may put in place during that period; and
 - (2) any other period designated by the Board,
- (together, the **Trading Window**).

7 Trading in exceptional circumstances during periods outside the Trading Window

- 7.1 Directors and key management personnel who are not in possession of Price Sensitive Information may deal in, or engage in short-term dealing of, securities of the Company during periods outside the Trading Window if there are exceptional circumstances and he or she receives prior written clearance from the designated officer.
- 7.2 Exceptional circumstances are:
- (1) financial hardship which cannot be satisfied otherwise than by dealing in securities of the Company;
 - (2) a court order or a court enforceable undertaking (e.g. as part of a *bona fide* family settlement) directing the dealing in securities of the Company; or
 - (3) any other circumstances considered exceptional by the designated officer.
- 7.3 Directors and key management personnel wishing to deal in, or engage in short-term dealing of, securities of the Company during a period outside the Trading Window based on exceptional circumstances must apply in writing (email is acceptable) to the designated officer for prior written clearance to deal in those securities. The application must include the following information:
- (1) details of the exceptional circumstances;
 - (2) the number of securities of the Company that he or she wishes to deal in;
 - (3) the way in which he or she wishes to deal in those securities;
 - (4) a request for clearance to deal in those securities; and
 - (5) confirmation that he or she is not in possession of any Price Sensitive Information.

- 7.4 The designated officer must consider the objectives of this policy and the purpose of the ASX Listing Rules in making a determination as to whether to provide consent to deal in securities of the Company during a period outside the Trading Window or to allow short-term dealing in securities.
- 7.5 Any consent provided by the designated officer under this policy must:
- (1) be in writing (email is acceptable); and
 - (2) outline the duration of the clearance (which must be no more than 5 trading days from the date of the provision of any consent).

8 The Front Page Test

- 8.1 It is important that public confidence in the group is maintained. It would be damaging to the group's reputation if the market or the general public perceived that Directors and employees of the group might be taking advantage of their position in the group to make financial gains by dealing in securities on the basis of confidential information.
- 8.2 As a guiding principle but without limiting any of the prohibitions or consent requirements contained in this policy, Directors and employees of the group should ask themselves the following before engaging any dealing in relation to securities of the Company:

If the market was aware of all the current circumstances, could the proposed dealing be perceived by the market as the director or employee taking advantage of his or her position in an inappropriate way? How would it look if the transaction were reported on the front page of the newspaper? (The Front Page Test)

If a Director or employee is unsure as to how The Front Page Test applies or may apply to any proposed dealing in relation to securities of the Company, he or she should consult the Company Secretary. Where any approval is required for a dealing under this policy, consideration will be given to whether the dealing would not satisfy the Front Page Test.

9 Directors and key management personnel to obtain prior written clearance for dealings in securities of the Company

- 9.1 Directors and key management personnel must obtain approval for any intended dealing in securities of the Company from the designated officer. The request for approval must be submitted at least 3 trading days prior to the date of the dealing and must include the following information:
- (1) the number of securities of the Company that he or she wishes to deal in;
 - (2) the way in which he or she wishes to deal in those securities; and
 - (3) confirmation that he or she is not in possession of any Price Sensitive Information.
- 9.2 Directors and key management personnel may only proceed with the dealing in securities of the Company after having first obtained approval from the designated officer.
- 9.3 Approval is intended as a compliance monitoring function only and is not an endorsement of the proposed dealing. Directors and key management personnel remain responsible for their own investment decisions and compliance with the law.

10 Notification of dealings in securities of the Company

- 10.1 The ASX Listing Rules require the Company to notify ASX of dealings in notifiable interests in securities of the Company by Directors within 5 business days.
- 10.2 Directors must notify the Company secretary immediately after dealing in any securities of the Company and provide the Company with the requisite details of the dealing for the Company to comply with the ASX Listing Rules.
- 10.3 Key management personnel (other than Directors, who must comply with clause 10.2) must notify the Company secretary immediately after acquiring or disposing of a relevant interest in any securities of the Company.

11 No hedging

- 11.1 Notwithstanding any other part of this policy, Directors and key management personnel must not at any time enter into transactions in associated products which operate to limit the economic risk of security holdings in the Company.

12 Margin lending

- 12.1 ASX, in its Companies Update dated 29 February 2008, highlighted that in certain circumstances, the Company may be required to disclose details of the margin lending arrangements of Directors and key management personnel in respect of their securities of the Company (if any), if that information would be material information under ASX Listing Rule 3.1. To enable the Company to comply with ASX Listing Rule 3.1, any Director or key management personnel of the Company who enters into margin lending arrangements or otherwise encumbers their securities of the Company (**Security Arrangements**) is required to provide details of those Security Arrangements to the designated officer upon entering into, and on any change (other than a trivial or minor change) occurring to, the Security Arrangements. Security Arrangements may be subject to prohibitions on dealing in securities of the Company contained in this policy.
- 12.2 The details of the Security Arrangements which must be provided pursuant to clause 12.1 must include the number of securities of the Company involved, any trigger points, the right of the lender or security holder to sell the securities unilaterally and any other material details.
- 12.3 Directors and employees of the Company may take out margin loans over their holdings in the Company's securities. However, Directors and employees must not allow a margin call to be met by the sale of the Company's securities at a time when they would not be able to sell those securities themselves under this policy.

13 Penalties

- 13.1 A contravention of this policy by a Director, key management personnel other employee or contractor of any member of the group may result in summary dismissal.

14 Application

- 14.1 This policy applies to all Directors, employees and contractors of any member of the group.
- 14.2 For the purposes of this policy, Directors, employees and contractors dealing in securities of the Company includes "associates" of Directors, employees and contractors of the group dealing in securities of the Company. It is incumbent on each Director, employee and

contractor of the group to take reasonable steps to ensure that an associate does not deal in securities of the Company in contravention of this policy where the dealing could be attributed to the Director, employee or contractor concerned. "Associates" include your relatives, entities which you control and entities you are acting in concert with.

14.3 The following types of dealing are excluded from the operation of this policy:

- (1) transfers of securities of the Company already held in a superannuation fund or other saving scheme in which the restricted person is a beneficiary and where the investments are made at the discretion of a third party;
- (2) an investment in, or dealing in units of, a fund or other scheme (other than a scheme only investing in securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (3) where a restricted person is a trustee, trading in securities of the Company by that trust provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;
- (4) undertakings to accept, or the acceptance of, a takeover offer;
- (5) dealing 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 reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of the entitlements under a renounceable pro rata issue;
- (6) a disposal of securities of the Company that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement;
- (7) the exercise (but not the sale of securities of the Company following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security; and
- (8) 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:
 - (a) the restricted person did not enter into the trading plan outside the Trading Window;
 - (b) the trading plan does not permit the restricted person to exercise any influence or discretion over how, when, or whether to trade; and
 - (c) the restricted person is not permitted to cancel the trading plan or cancel or otherwise vary the terms of his or her participation in the trading plan outside the Trading Window, other than in exceptional circumstances.

15 Contact

15.1 If you have any questions about any of the issues raised in this policy you should contact the designated officer.