



**Contango MicroCap Limited**  
**ABN 47 107 617 381**

# **CONTINUOUS DISCLOSURE POLICY**

**November 2014**

## 1. INTRODUCTION

Listed entities within the Contango Microcap Group (“CTN Group”) have ongoing legal obligations of continuous disclosure. The Australian Stock Exchange (“ASX”) provides that timely disclosure is important as the integrity of the market is enhanced, it is in the interests of listed entities to do so, and it maintains investor protection as well as protecting the reputation of the market.<sup>1</sup>

This policy document outlines how the listed entities within the CTN Group meet these ongoing legal obligations.

A breach of this policy is regarded as a serious breach of the policies and procedures of the CTN Group.

## 2. SOURCES OF LEGAL OBLIGATIONS

The sources of the ongoing legal obligations in relation to continuous disclosure, include the following:

- Chapter 6CA of the Corporations Act 2001 (Cth), (**Corporations Act**), which requires compliance with the ASX Listing Rules relating to the continuous disclosure of material information to the Australian Stock Exchange (ASX);
- Chapters 3 and 4 of the ASX Listing Rules, which set out the continuous and periodic disclosure requirements that listed entities within the CTN Group must meet on an ongoing basis to ensure the timely disclosure of information to keep the market fully informed of events and developments as they occur; and
- The ASX Corporate Governance Principles and Recommendations, which require listed entities to have policies designed to ensure compliance with ASX Listing Rule related disclosure requirements and to promote effective communications to shareholders.

## 3. LISTING RULE REQUIREMENTS

### Main disclosure requirement

Once an entity becomes **aware** of any information that a reasonable person would expect to have a **material effect on the price or value of the entity’s securities**, the entity must tell the ASX that information.<sup>2</sup>

The test of whether any information would have a material effect on the price or value of the entity’s securities is **whether that information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to buy or sell the securities.**<sup>3</sup>

### When is one considered aware of the information ?

An entity becomes “aware” of information if a director or executive officer has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity.<sup>4</sup>

<sup>1</sup> ASX Guidance Note 8 – Continuous Disclosure, para. 12 at page 3.

<sup>2</sup> ASX Listing Rule 3.1.

<sup>3</sup> As defined in section 677 of the Corporations Act 2001 (Cth).

<sup>4</sup> Refer to sec. 1042 G of the Corporations Act and ASX Guidance Note 8, Continuous Disclosure, para. 16, page 4.

Examples of price sensitive information that do require disclosure

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| ▪ a change in the entity's financial forecast or expectation.   |
| ▪ the appointment of a receiver, manager, liquidator or administrator in respect of any loan, trade credit, trade debt, borrowing or securities held by it or any of its child entities.      |
| ▪ a proposal to change the entity's auditor.  |
| ▪ a transaction for money payable where it is a significant proportion of the written down value of the entity's consolidated assets. Normally, an amount of 5% or more would be significant. |
| ▪ a change in the control of the responsible entity of a trust.   |
| ▪ a recommendation or declaration of a dividend or distribution.  |
| ▪ a recommendation or decision that a dividend or distribution will not be declared.  |
| ▪ under subscriptions or over subscriptions to an issue.  |
| ▪ a copy of a document containing market sensitive information that the entity lodges with an overseas stock exchange. A copy must be given to the ASX in English.                            |
| ▪ information about the beneficial ownership of securities obtained under Part 6C.2 of the Corps Act (ie. tracing beneficial ownership of shares).  |
| ▪ giving or receiving a notice of intention to make a takeover.   |
| ▪ an agreement between the entity (or a related party or subsidiary) and a director (or a related party of the director).   |
| ▪ a material change in the accounting policy adopted by the entity.   |
| ▪ any rating applied by a rating agency to an entity, or securities of an entity, and any change to such a rating.  |
| ▪ an agreement or option to acquire an interest in a mining tenement.   |

Source – Chapter 3, ASX Listing Rules, Continuous Disclosure, parag. 3.1

**EXCEPTIONS - When do we not have to disclose price sensitive information ?**

The main disclosure requirement does not apply to particular price sensitive information when the following Three Tests are satisfied:

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|-----------------|---|
| <b>Test (1)</b> | a <u>reasonable person would not expect the information to be disclosed</u> ; <b>and</b>  |
| <b>Test (2)</b> | <u>information is confidential and the ASX has not formed the view that the information has ceased to be confidential</u> ; <b>and</b>          |
|                 | <b>any one or more of the following (ie. carve outs) apply:</b>   |
| <b>Test (3)</b> | (i) it would be a <u>breach of the law to disclose the information</u> ; or   |
|                 | (ii) the information concerns an <u>incomplete proposal or negotiation</u> ; or   |
|                 | (iii) the information comprises <u>matters of supposition or is insufficiently definite</u> to warrant disclosure; or                           |
|                 | (v) the information is generated for the internal management purposes of the entity ie. the information is a <u>trade secret</u> . <sup>5</sup> |

Source – Chapter 3, ASX Listing Rules, Continuous Disclosure, parag. 3.1A

<sup>5</sup> ASX Guidance Note 8, Continuous Disclosure, para. 15, pages 3 and 4.

#### **4. FALSE MARKET – ASX requires disclosure**

A false market occurs where:

- (i) the entity has information that it has not released to the market; and
- (ii) there is reasonably specific rumour or media comment in relation to the entity that has not been confirmed by an announcement by the entity to the market; and
- (iii) there is evidence that the rumour or comment is having an impact on the price of the entity's securities or the ASX forms the view that the rumour or comment is likely to have an impact on the price of the entity's securities.

If the ASX considers that there is or is likely to be a false market in an entity's securities, the entity must give the ASX the information that it asks for to correct or prevent the false market.<sup>6</sup>

#### **5. TRADING HALTS**

An entity must formally make a request to the ASX if it wishes a trading halt. To request a trading halt, an entity must provide the ASX the information outlined in the listing rules, including information regarding the reasons for the trading halt, how long it requires the trading halt for and the event that it expects will happen that will end the trading halt. Generally, a trading halt can only last until the commencement of trading on the second trading day after the day the trading halt is imposed.<sup>7</sup>

#### **6. DISCLOSURE PROTOCOLS**

##### **For Staff**

If any staff member becomes aware of information that may be price sensitive to any CTN Group listed entity, the employee must immediately inform the Company Secretary or Managing Director of the relevant listed entity.

If the Company Secretary and/or the Managing Director forms the view that the information is price sensitive, the Company Secretary must refer the information to the Managing Director and the Managing Director in turn to the board.

##### **For Directors**

If a director becomes aware of information that may be price sensitive, the director must immediately inform the Chairman.

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<sup>6</sup> ASX Listing Rule 3.1 B.

<sup>7</sup> Refer to Chapter 17 of the ASX Listing Rules and para. 53 of ASX Guidance Note 8 – Continuous Disclosure.

### **For the Managing Director of relevant CTN Group Listed entities**

As soon as the relevant Managing Director has received price sensitive information, the Managing Director must assess the information provided by the employee or director and decide whether it needs to be disclosed to the ASX. In addition, the Managing Director must assess from his or her knowledge, on an ongoing basis, whether he or she has information that may be price-sensitive and whether it needs to be disclosed.

## **7. CONFIDENTIALITY AND RESPONSE TO LOSS OF CONFIDENTIALITY**

### **Obligation to ensure that confidential information is kept confidential**

If information is not disclosed in reliance on an exception to the listing rules, the confidentiality requirement must continue to be satisfied at all times. The Managing Director must make sure that any third parties are bound by obligations of confidentiality and that employees keep the information confidential.

Each employee also owes obligations of confidentiality to the company, this includes keeping confidential information about the company, its related companies and its customers and information coming to the knowledge of an employee. Management is required to inform staff when certain information is confidential.

### **Loss of confidentiality**

Loss of confidentiality with respect to price sensitive information may be indicated by otherwise unexplained changes to the price of an entity's securities, or by reference to information in the media or in analysts' reports, particularly if information within the media is specific. If there are price movements or changes in trading volumes, or media speculation, the Managing Director must make an assessment as to whether the relevant information remains confidential.

If the Managing Director decides that confidentiality has been lost, the need for a trading halt must be considered, pending an announcement.

## **8. MEDIA AND PUBLIC STATEMENTS**

Only authorised spokespersons may speak to the media on behalf of the company and only strictly within the area of their responsibility. Any departure from this policy will be treated as a serious breach of this policy and will attract disciplinary action.

Managing Directors and the company secretary are authorised to only speak about the CTN Group company that they are a managing director of, and/or a company secretary of.

Portfolio Managers are only authorised to speak about the portfolios that they manage.

Other employees are not authorised to speak to the media.

Care must be taken at all times when speaking to the media that no comments are made that could result in rumours or speculation. Listed entities of the CTN Group will not comment on media speculation and rumour unless required to do so by the ASX under the Listing Rules or by law.

## Key responsibilities

### 9. Board

The Board is responsible for approving this policy and any changes to it. This policy must be reviewed annually. Listed entities within the CTN Group have a standing agenda item on ASX announcements and the board is provided with a summary of all announcements made throughout reporting periods.

### 10. Managing Director

Managing Directors of each CTN Group listed entity have the primary responsibility for making sure that the company complies with its continuous disclosure obligations.

#### *Review of this policy*

The compliance officer will annually review this policy. All changes require the approval of the CTN board.

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| <b>Name of Document:</b>  | Continuous Disclosure Policy |
| <b>Month of Renewal:</b>  | November                     |
| <b>Version Number:</b>    | Version 1.0                  |
| <b>Approved by Board:</b> | 27 November 2014             |