

## POLICY FOR TRADING IN COMPANY SECURITIES

### CARNEGIE WAVE ENERGY LIMITED ("COMPANY")

Directors, officers, employees, advisers and consultants<sup>1</sup> ("**Restricted Persons**") who wish to trade in Company securities must first have regard to the statutory provisions of the Corporations Act dealing with insider trading.

Insider trading is the practice of dealing in a company's securities (which includes shares and options) by a person in possession of information not generally available, but if it were generally available would, or would be likely to influence a person's decision to transact in the company's securities. It may also include the passing on of this information to another or procuring another person to deal in the securities. **Legally, insider trading is an offence which carries severe penalties, including imprisonment.**

#### Insider Trading Prohibition

In summary, Restricted Persons must not, whether in their own capacity or as an agent for another, subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any securities in the Company, or procure another person to do so:

1. if that Restricted Person possesses information that a reasonable person would expect to have a material effect on the price or value of the securities or influence a person's decision to buy or sell the securities in the Company if the information was generally available;
2. if the Restricted Person knows or ought reasonably to know, that:
  - (a) the information is not generally available; and
  - (b) if it were generally available, it might have a material effect on the price or value of the securities or influence a person's decision to buy or sell the securities in the Company.

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<sup>1</sup> In this policy references to Restricted Persons includes all Connected Persons of the Restricted Persons. "Connected Persons" means the director's, officer's, employee's, adviser's or consultant's immediate family (includes a person or persons under the control or influence of the director, officer, employee, adviser or consultant and related entities controlled by the director, officer, employee, adviser or consultant and related entities controlled by members of the director, officer, employee, adviser or consultant's immediate family). Further, all references to officers includes a reference to 'key management personnel' as defined in AASB Standard 124 Related Party Disclosure, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Information is generally available if it is: (a) readily observable; (b) has been made known in a manner likely to bring it to the attention of persons who commonly invest in securities of the relevant type and a reasonable period for that information to be disseminated has elapsed since it was made known; or (c) consists of deductions, conclusions or inferences made or drawn from information falling under (a) and (b).

Further, Restricted Persons must not either directly or indirectly pass on this kind of information to another person if they know, or ought reasonably to know, that this other person is likely to deal in the securities of the Company or procure another person to do so.

Examples of information which, if made available to the market, may depending on the circumstances be likely to have a material impact on the price of the Company's securities are set out in the Appendix.

### **Prior notification of trading**

Restricted Persons must not trade in the Company's securities at any time outside of a Prohibited Period (defined below) unless the Restricted Person first notifies:

1. in the case of employees, contractors and advisers the Managing Director, or in his absence, the Company Secretary;
2. in the case of a director or officer, the Chair or in his absence, the Managing Director;
3. in the case of the Managing Director, the Chair; or
4. in case of the Chair, the Managing Director,

(each, a "**Notification Officer**").

A prior notification should be given in writing using the form attached to this policy entitled 'Request for Prior Written Clearance to Trade in Company Securities/Prior Notification' and given to the Notification Officer and to the Company Secretary. The notification must be given at least one day prior to the trade, and may be submitted in person, by mail, by email or by facsimile.

### **Blackout Periods**

In addition to the prohibitions on insider trading set out in the Corporations Act, the Company requires that Restricted Persons must not trade in the Company's securities in the period between:

- (a) the end of the half-year period and 48 hours immediately following the release of the Company's half-year financial results;
- (b) the end of the full year period and 48 hours immediately following the release of the Company's annual financial results; and
- (c) the end of each of the March and September financial quarters and 48 hours immediately following the release of the Company's ASX quarterly reports for those financial quarters,

("Blackout Periods"), unless the circumstances are exceptional and the procedure for prior written clearance described below has been met.

In addition to the prohibitions on insider trading set out in the Corporations Act, the Company requires that Restricted Persons must not trade in the Company's securities within any period imposed by the Company from time to time, because the Company is considering matters that would require disclosure to the market but for Listing Rule 3.1A ("**Additional Period**"), unless the circumstances are exceptional and the procedure for prior written clearance described below has been met. This prohibition is in addition to the Blackout Periods. The Blackout Periods, and the Additional Period are together referred to as a "Prohibited Period" in this policy.

Please note that even if it is outside of a Prohibited Period, Restricted Persons must not trade in the Company's securities if they are in possession of inside information.

### **Exceptional Circumstances when trading may be permitted subject to prior written clearance**

A Restricted Person may trade in the Company's securities inside a Prohibited Period, subject to obtaining prior written clearance in accordance with the procedure described below, in the following exceptional circumstances:

1. if the person granting the prior written clearance is satisfied that the person seeking the clearance does not possess unpublished price sensitive information about the Company and the person seeking clearance is in severe financial hardship;
2. if the person granting the prior written clearance is satisfied that the person seeking the clearance does not possess unpublished price sensitive information about the Company and there are other circumstances deemed to be exceptional by the person granting the prior written clearance; or
3. where trading is required for compliance with a court order or court enforceable undertakings or for some other legal or regulatory requirement.

## **Procedure for Obtaining Clearance Prior to Trading**

Restricted Persons must not trade in the Company's securities during a Prohibited Period, including in the exceptional circumstances referred to above, unless the Restricted Person obtains prior written clearance from the Chair, or in the case of the Chair, the Managing Director.

A request for prior written clearance under this policy should be made in writing using the form attached to this policy entitled 'Request for Prior Written Clearance to Trade in Company Securities' and given to the Chair (or, in the case of the Chair, the Managing Director) and the Company Secretary. The request may be submitted in person, by mail, by email or by facsimile.

Any written clearance granted under this policy will be valid for the period of 5 business days from the time which it is given or such other period as may be determined by the Chair (or, in the case of the Chair, the Managing Director). The expiry time of the clearance will be stated in the clearance granted. Written clearance under this policy may be given in person, by mail, by email or by facsimile.

## **Trading which is not subject to this policy**

The following trading by Restricted Persons is excluded from this policy:

1. transfers of securities already held into a superannuation fund or other saving scheme in which the Restricted Person is a beneficiary;
2. an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the Company's securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
3. where the Restricted Person is a trustee, trading in the Company's securities 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. 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 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 entitlements, under a renounceable pro rata issue;
6. a disposal of securities 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 following exercise) of an option or 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 Prohibited Period and the Company has been in an exceptionally long Prohibited Period or the Company has had a number of consecutive Prohibited Periods and the Restricted Person could not reasonably have been expected to exercise it at a time when free to do so; or
8. trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in the trading policy and where: (a) the Restricted Person did not enter into the plan or amend the plan during a Prohibited Period; and (b) the trading plan does not permit the Restricted Person to exercise any influence or discretion over how, when, or whether to trade.

Please note that even if the trading is excluded from this Policy, Restricted Persons must not trade in the Company's securities if they are in possession of inside information.

### **Non-discretionary trading plans**

Restricted Persons must not put in place a non-discretionary trading plan in respect of their securities in the Company without first seeking and obtaining prior written clearance from the Chair. Restricted Persons must not cancel any such trading plan during a Prohibited Period, unless the circumstances are exceptional and the procedure for prior written clearance has been met.

### **Trading in derivative products**

The prohibitions on trading in the Company's securities imposed by the Company and set out in this policy extend to trading in financial products issued or created over or in respect of the Company's securities.

### **Long Term Trading**

The Company wishes to encourage directors, officers and employees to adopt a long term attitude to investment in the Company's securities. Therefore, directors, officers and employees must not engage in short term or speculative trading of the Company's securities.

### **Prohibited Transactions**

Directors, officers and employees must not enter into agreements that provide lenders with rights over their interests in securities in the Company without first seeking and obtaining prior written clearance from the appropriate Approving Officer.



Directors, officers and employees are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under any equity based remuneration schemes.

### **Other securities**

Restricted Persons must not trade securities of another company where the Restricted Person is aware of:

1. non-public information regarding investigations or negotiations being conducted by the Company or any of its related entities into that company; and/or
2. non-public material information of a company in partnership with the Company.

### **Notification**

Directors must disclose details of changes in securities of the Company they hold (directly or indirectly) to the Company Secretary as soon as reasonably possible after the date of the contract to buy and sell the securities ("**Contract Date**") but in any event:

1. no later than 3 business days after the Contract Date; or
2. if they begin to have or cease to have a substantial shareholding or there is a change in their substantial holding, the business day after the Contract Date.

The Company Secretary is to maintain a register of notifications and clearances given in relation to trading in the Company's securities. The Company Secretary must report all notifications of dealings in the Company's securities to the next Board meeting of the Company.

Directors are reminded that it is their obligation under section 205G of the Corporations Act to notify the market operator within 14 days after any change in a director's interest.

### **Breaches**

Breach of the insider trading prohibition could expose Restricted Persons to criminal and civil liability. Breach of insider trading law or this policy will be regarded by the Company as serious misconduct which may lead to disciplinary action and/or dismissal.

This policy does not contain an exhaustive analysis of the restrictions imposed on, and the very serious legal ramifications of, insider trading. Restricted Persons who

wish to obtain further advice in this matter, are encouraged to contact the Chair or Managing Director.

This policy also applies to the Company's related entities.

### **ASX Listing Rule Requirements**

It is a requirement for admission to the official list of ASX, and an on-going requirement for listing, that the Company has a policy for trading in company securities.

The Company will give a copy of this policy to ASX for release to the market. The Company will also give any amended version of this policy to ASX when it makes a change to: the periods within which Restricted Persons are prohibited from trading in the Company's securities; the trading that is excluded from the operation of the policy; or the exceptional circumstances in which Restricted Persons may be permitted to trade during a Prohibited Period, within five business days of the amendments taking effect. The Company will also give this policy to ASX immediately on request by ASX.

## Appendix

Examples of information which, if made available to the market, may depending on the circumstances be likely to have a material impact on the price of the Company's securities include, but are not limited to:

- the financial performance of the Company;
- entry into or termination of a material contract, such as a major supply contract or a joint venture;
- a material acquisition or sale of assets by the Company;
- an actual or proposed takeover or merger;
- a material claim against the Company or other unexpected liability, for example the threat of material litigation against the Company;
- any actual or proposed change to the Company's capital structure, for example a share issue;
- a change in dividend policy;
- information for project, site development and commercial activities reports.







I confirm that I have read and understood the Company's *Policy for Trading in Company Securities* and that the proposed dealing does not breach that policy or any legal obligations referred to in it, and in particular, that I am not in possession of any inside information in relation to the Company.

I acknowledge that in accordance with the Company's *Policy for Trading in Company Securities*, I cannot trade in the Company's securities until clearance is given and I understand that any clearance given will be valid only for the period stated in the clearance (delete if prior notification only).

Signed: .....

Name: .....

Date: .....

OFFICE USE – Clearance to be completed by Approving Officer

Clearance given by/refused by:

(delete as appropriate):

.....  
Name of Approving Officer      Signature of Approving Officer      Date.

Clearance valid for:

- 5 business days from the date of clearance (default period)
- \_\_\_\_\_ business days from the date of clearance