

**XRF SCIENTIFIC LIMITED**

**SECURITIES TRADING POLICY**

**1. Application of the securities trading policy**

1.1 This policy applies to all Key Management Personnel (KMP) of the Company and any employees participating in an employee share scheme operated by Company

1.2 For the purpose of the policy, KMP comprises:

- Non-executive Directors of the Company; and
- Senior Executives of the Company (including the Managing Director (MD)), as determined by the Board from time to time.

1.3 KMP must use all reasonable endeavours to ensure that, if they have a reportable interest in the Company's securities as defined by the ASX Listing Rules and Corporations Act due to a relationship with a third party, that third party complies with this policy as if they were a KMP.

**2. Prohibitions on dealing in the Company's securities**

2.1 Trading is prohibited at any time if the person possesses inside information, irrespective of whether the policy provides that trading could occur in a trading window or outside a prohibited period, or whether it is excluded from the operation of the policy. Examples of inside information may include:

- profit forecasts;
- proposed issues of securities;
- borrowings or funding decisions;
- impending mergers, acquisitions, reconstructions, takeovers, etc;
- significant litigation;
- significant changes in operations;
- new products/services and/or technology;
- proposed dividends;
- management restructuring; and
- significant new contracts/customers.

2.2 Despite anything in this policy, KMP must not engage in short-term trading of XRF's securities. Dealing in the Company's securities must be done so for investment purposes only.

2.3 KMP must not engage in short selling of the Company's securities.

- 2.4 KMP must not deal in the Company's securities during "prohibited periods" (See section 4).
- 2.5 KMP should not pledge their securities for a margin lending arrangement without first receiving prior approval.

### **3. Exclusions from the securities trading policy**

- 3.1 transfers of securities of the entity already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
- 3.2 an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the entity) where the assets of the fund or other scheme are invested at the discretion of a third party;
- 3.3 where a restricted person is a trustee, trading in the securities of the entity 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;
- 3.4 undertakings to accept, or the acceptance of, a takeover offer;
- 3.5 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 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;
- 3.6 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;
- 3.7 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 prohibited period and the entity has been in an exceptionally long prohibited period or the entity 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;
- 3.8 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:
  - the restricted person did not enter into the plan or amend the plan during a prohibited period;
  - the trading plan does not permit the restricted person to exercise any influence or discretion over how, when, or whether to trade; and

- the entity's trading policy does not allow the restricted person to cancel the trading plan or cancel or otherwise vary the terms of his or her participation in the trading plan during a prohibited period other than in exceptional circumstances;

3.9 bona fide gifts of the Company's securities to a KMP by a third party;

3.10 where the beneficial interest in the relevant Company security does not change;

3.11 transactions conducted between a KMP and their spouse, civil partner, child, stepchild or other close family member;

3.12 cancellation of the Company's securities as a result of failure to vest or other forfeiture of securities received by Senior Executives as part of performance-based remuneration; and

3.13 vesting of the Company's securities as a result of meeting performance hurdles or release of the Company's securities from holding lock or holding term in respect of securities received by Senior Executives as part of performance-based remuneration.

#### **4. Prohibited periods**

4.1 KMP must not deal in the Company's securities during the following prohibited periods:

- a) the period from the close of trading on 31 December each year until **the second business day** after the release of the half-yearly results announcement to ASX;
- b) the period from the close of trading on 30 June each year until **the second business day** after the release of the full year results announcement to ASX;
- c) any other period determined by the Board from time to time and notified to KMP's.

#### **5. Exceptional circumstances**

5.1 Upon prior written clearance a KMP who is not in possession of inside information may be permitted to trade during prohibited periods if they are subject to severe financial hardship, if he or she has a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant securities of the entity.

5.2 A KMP may be in severe financial hardship if he or she has a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant securities of the entity. A tax liability of such a person would not normally constitute severe financial hardship unless the person has no other means of satisfying the liability. A tax liability relating to securities received under an employee incentive scheme would also not normally constitute severe financial hardship or otherwise be considered an exceptional circumstance for the purpose of obtaining prior written clearance to sell or otherwise dispose of securities during a prohibited period.

- 5.3 Exceptional circumstances also includes if the KMP is required by a court order, or there are court enforceable undertakings, for example, in a bona fide family settlement, to transfer or sell the securities of the entity or there is some other overriding legal or regulatory requirement for him or her to do so.
- 5.4 The determination of whether the KMP in question is in severe financial hardship or whether a particular set of circumstances falls within the range of exceptional circumstances identified in the policy can only be made by the designated officer(s) under the policy for this purpose. In recognition of the case that exceptional circumstances, by their nature, cannot always be specified in advance, it is envisaged that there may be other circumstances, which have not been identified in the policy, that may be deemed exceptional by the Chairman or the Managing Director (where the chairman is involved) and whereby prior written clearance is granted to permit trading.
- 5.5 The KMP seeking clearance to trade must satisfy the designated officer(s) that they are in severe financial hardship or that their circumstances are otherwise exceptional and that the proposed sale or disposal of the relevant securities is the only reasonable course of action available.

## **6. Notification and approval**

- 6.1 Directors must advise the Chairman regarding any proposed transaction in the Company's securities. The Chairman must advise the Managing Director.
- 6.2 Other Senior Executives must advise either the Company Secretary, Chief Financial Officer or Managing Director regarding any proposed transaction in the Company's securities.
- 6.3 Where clearance is required to transact in the Company's securities which involve a prohibited period, the request should be made in writing (including by email). Approval for the transaction will then be given in writing (including by email). The Company Secretary should be copied into all requests and approvals.
- 6.4 The Company Secretary should be advised immediately after a KMP transacts in the Company's securities, to allow any appropriate announcements to be made to ASX.

## **7. Other**

- 7.1 KMP and employees are prohibited from entering into any schemes or arrangements that protect the value of shares, options or performance rights allocated under the Company's incentive schemes prior to them becoming fully vested.