

## **SECURITIES TRADING POLICY (INSIDER TRADING)**

### **1. INTRODUCTION**

The *Corporations Act*, and the laws of other jurisdictions in which HCD operates, contain provisions which prohibit a person in possession of material, non-public information relating to a company from dealing in any way with shares, options or other securities issued by that company or issued or created over the company's shares by third parties (Securities).

The HCD Personnel Securities Trading Policy (the Insider Trading Policy or Policy) applies to all its Directors, employees and all other people, including consultants and contractors, when they represent HCD (collectively Personnel) and sets guidelines designed to protect HCD and Personnel from intentionally or unintentionally breaching these Laws.

### **2. THE LAW**

The principal insider trading prohibition in Australian law is contained in section 1043A of the *Corporations Act*.

Section 1043A prohibits a person (an Insider) who is in possession of information relating to HCD that is not generally available but, if the information was generally available (see paragraph 3), a reasonable person would expect that information to have a material effect (see paragraph 4) on the price or value of HCD Securities (Material Non-Public Information) from:

- i. applying for, acquiring, disposing of or entering into an agreement to apply for, acquire or dispose of HCD Securities;
- ii. procuring another person to apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of HCD Securities; or
- iii. directly or indirectly communicating the Material Non-Public Information to another person when the Insider knows, or ought reasonably to know, that the other person would or would be likely to:
  - a. apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of HCD Securities; or
  - b. procure another person to apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of HCD Securities.

### **3. AVAILABLE INFORMATION**

Information relating to HCD would be considered to be generally available after it has been released to the Australian Securities Exchange Limited (ASX) and the ASX has fully disseminated that information to the market.

### **4. INFORMATION HAVING A MATERIAL EFFECT ON HCD SECURITIES**

A reasonable person would be taken to expect information to have a material effect on the price of HCD Securities if that information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to acquire or dispose of HCD Securities.

### **5. DETERMINING MATERIAL NON-PUBLIC INFORMATION**

Determining what is Material Non-Public Information is subjective. It may, but not necessarily, include (but not be restricted to) the following types of information:

- i. the results of drilling and/or production testing;
- ii. the financial results of HCD Group;
- iii. projections of future earnings or losses;
- iv. material changes in HCD's financial forecasts;
- v. a declaration of a dividend;
- vi. the making of a share, option or debt issue and the under or over subscription of that issue;
- vii. acquisitions, mergers, sales, joint ventures or takeovers;
- viii. information about HCD's business direction, investments or asset purchases or sales;
- ix. regulatory decisions or industrial actions that may affect HCD's operations;
- x. the occurrence of an environmentally related incident;
- xi. the threat, commencement or settlement of any material litigation or claim;
- xii. an agreement between HCD (or a related party or subsidiary) and a Director (or related party of the Director);
- xiii. a change in accounting policy adopted by HCD;
- xiv. a proposal to change HCD auditors;
- xv. changes in senior management; and
- xvi. the health or capacity of any Director.

## **6. INSIDER TRADING POLICY**

The confidentiality of Material Non-Public Information must be strictly maintained within HCD by all persons who have access to that information, regardless of title or position. No Personnel shall disclose such information, except on a need-to-know basis, inside or outside of HCD.

## **7. PERSONNEL IN POSSESSION OF MATERIAL NON-PUBLIC INFORMATION**

Personnel must not purchase or sell HCD Securities while in possession of Material Non-Public Information about HCD.

Personnel in possession of Material Non-Public Information must not cause or procure a third party to deal in the Securities of HCD.

This Policy also applies in respect of securities of other companies of which personnel have Material Non-Public information by virtue of their position in HCD.

## **8. DEALING IN HCD SECURITIES DURING TRADING WINDOWS**

Subject to Clause 10, all Personnel, not in possession of Material Non-Public Information, may buy, sell or otherwise deal in HCD securities only in the six week period commencing the first trading day after:

- i. the announcement of an Appendix 5B;
- ii. the announcement of the half yearly financial results;
- iii. the announcement of the annual full year results;
- iv. the holding of the HCD Annual General meeting; or
- v. a date which the Board determines;

(collectively known as "Trading Windows").

The ability to trade during a Trading Window does not relieve the obligation of any Individual or Personnel to not trade within a Trading Window if in possession of Material Non-Public Information.

Notwithstanding the time periods described above, HCD may declare a Trading Window closed at any time at its absolute discretion and without prior notice, meaning that Personnel will not be able to buy, sell or deal in HCD Securities during all or part of a Trading Window. HCD will notify Personnel of any change to the Trading Windows.

In addition, if Directors trade during Trading Windows, they must confirm with the Chairman (or the Managing Director, as appropriate) that the trade has occurred. A copy of the confirmation will be sent to the Company Secretary for the official file and for notification to the ASX where required.

The Company Secretary will notify the Board of all trades by Directors as soon as reasonably practicable.

## **9. ADDITIONAL RESTRICTIONS FOR SPECIFIED PERSONS**

### **9.1 Specified Persons**

**Specified Persons** means:

- i. Directors and the Managing Director;
- ii. Senior Management;
- iii. Any other person who is defined as Key Management Personnel under the Australian Accounting Standard - persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity;
- iv. Any other person who is notified to be a Specified Person by the Managing Director or a member of Senior Management;
- v. In relation to any person under i., ii, iii or iv. above:
  - a. Their spouse;
  - b. Any of their dependant children;
  - c. Their nominee, including an investment management (subject to the exceptions to the Policy set out above);
  - d. A trust or superannuation fund of which they, any member of their family, or any family controlled company, are the trustee, member of beneficiary;
  - e. A person in partnership with them or any of their connected persons mentioned in a) to c) above (acting in his or her capacity as such); and
  - f. A company which they or their family control.

### **9.2 Additional restrictions for Specified Persons**

In addition to the restrictions set out in section 7 above, a Specified Person:

- i. Must not engage in short-term or speculative trading in the securities of HCD. For the avoidance of doubt, this means that both buying **and** selling in a single Trading Window is prohibited;
- ii. Must not enter into transactions with Securities (or any derivative thereof) in associated products which limit the economic risk of any unvested entitlements under any equity-based remuneration schemes offered by HCD; and
- iii. Must comply with section 10.

## 10. DEALING IN HCD SECURITIES – OUTSIDE TRADING WINDOWS (CLOSED PERIODS)

Personnel are prohibited from dealing in HCD Securities outside Trading Windows (i.e during Closed Periods) without seeking prior written approval of the Board at least two business days prior to any proposed trade. Such application may be by email, generally through the Company Secretary and must include the reasons for requesting approval and confirm that the person is not in possession of Material Non-public Information. Approval, if granted, must be in writing (which can be by email) and must specify a time period for which the approval applies.

Approval will only be granted in exceptional circumstances. An exceptional circumstance may include severe financial hardship or a court order requiring the sale of securities, or a situation determined by the Board to be an exceptional circumstance.

A copy of the request for approval and any approval provided, including the reasons for the approval, will be sent to the Company Secretary.

Any disclosure to the ASX that may be required if the trade occurs will specify that prior approval was obtained, the date of the approval and any other information required by the Listing Rules.

All Personnel must notify the Company Secretary within two business days that trading in securities of HCD has taken place.

The form of the notification must be in writing or by email and show the:

- i. name of the employee (or where relevant, the name of the person or nominee in paragraph v of the definition of Specified Person);
- ii. date of the transaction;
- iii. type of transaction (eg purchase, sale etc);
- iv. number of securities traded;
- v. price per security; and
- vi. whether approval was requested and a copy of any approval granted.

The Company Secretary will notify the Board of all trades by Directors as soon as reasonably practicable.

## 11. EXCLUDED TRADING

### Exceptions to the Policy

Certain passive trades are exempt from the Policy, including:

- i. Dividend reinvestment plans, where a Specified Person has given standing instructions to reinvest dividends;
- ii. Trading in a managed securities portfolio where a Specified Person is not in a position to influence a choice of the portfolio;
- iii. Trading by trustees of any employee share or option plan established by HCD;
- iv. Share purchase plans;
- v. Rights issues;
- vi. Exercise of an option or right (under a HCD Share Plan or otherwise) where the final date for the exercise of the option or right, or the conversion of the security, falls during a Closed Period and where the Employee could not reasonably have been able to exercise at a time when free to do so;
- vii. Accepting takeover offers (these are trades where the plan that determines the timing and nature of trading has been approved by the Board);

- viii. Pre-approved non-discretionary trading plans, which are not entered into or subsequently amended during a prohibited period; and
- ix. A margin call.

If there is any doubt as to whether a trade is included, please consult the Company Secretary.

## **12. BREACH OF INSIDER TRADING POLICY**

Notwithstanding the provisions of disciplinary action contained in General Principles, failure to comply with this Insider Trading Policy by any HCD Personnel may constitute cause for immediate dismissal/termination of engagement by HCD.

In addition, a breach of the prohibitions contained in the *Corporations Act* is a criminal offence punishable by imprisonment, a fine, or both.