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# CONTINUOUS DISCLOSURE AND MARKET COMMUNICATIONS POLICY

Exopharm Limited  
ACN 163 765 991

Date Adopted: 1 November 2018

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## 1. Purpose

- 1.1 The purpose of this Continuous Disclosure and Market Communications Policy (**Policy**) is to:
- (a) ensure that Exopharm Limited (ACN 163 765 991) (**Company**) complies with its continuous disclosure obligations under the *Corporations Act 2001* (Cth) (**Corporations Act**) and the Listing Rules of ASX (**Listing Rules**);
  - (b) provide shareholders and the market with timely, direct and equal access to information issued by the Company; and
  - (c) promote investor confidence in the integrity of the Company and its securities.
- 1.2 This Policy contains all continuous disclosure requirements under the Corporations Act and the Listing Rules, and incorporates best practice guidelines suggested by the sources listed in paragraph 4.2 of this Policy.

## 2. Application of this Policy

This Policy applies to:

- (a) the directors and employees of the Company and its subsidiaries; and
- (b) all persons working for the Company and its subsidiaries under a contract or consultancy agreement.

## 3. Legal requirements

### 3.1 Overview

- (a) The Company is a public company that is seeking to be admitted to the Official List of ASX.
- (b) Upon being admitted to the Official List, the Company will become subject to continuous disclosure requirements under the Corporations Act and the Listing Rules (which are given legislative force under section 674 of the Corporations Act), in addition to the periodic and specific disclosure requirements.

### 3.2 *The Rule – Listing Rule 3.1*

- (a) The primary continuous disclosure obligation is contained in Listing Rule 3.1, which states that:

*"Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information."*

- (b) This is generally referred to as "market sensitive information".

### 3.3 **The Exception – Listing Rules 3.1A and 3.1B**

- (a) Listing Rule 3.1A contains the only exception to Listing Rule 3.1:

*"Listing Rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:*

3.1A.1 *One or more of the following 5 situations applies:*

- (a) it would be a breach of a law to disclose the information;*
- (b) the information concerns an incomplete proposal or negotiation;*
- (c) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- (d) the information is generated for internal management purposes of the entity; or*
- (e) the information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

- (b) However, Listing Rule 3.1B provides that:

*"If ASX considers that there is or is likely to be a false market in an entity's securities and asks the entity to give it information to correct or prevent a false market, the entity must immediately give ASX that information."*

### 3.4 **Information to ASX – Listing Rule 15.7**

Listing Rule 15.7 provides that an entity must not release information that is for release to the market to anyone until it has given the information to ASX, and has received an acknowledgement from ASX that the information has been released to the market.

## 4. **Best practice guidelines**

- 4.1 In addition to the legal requirements, there are guidelines published by various bodies which, though not (or not yet) mandatory, set out various views of best practice in the area of continuous disclosure.

- 4.2 The most important of these guidelines are:

- (a) the 'Corporate Governance Principles and Recommendations' (3<sup>rd</sup> edition) published by the ASX Corporate Governance Council, in particular Principle 5;
- (b) ASX Guidance Note 8 – 'Continuous Disclosure';
- (c) ASX Guidance Note 10 – 'Review of Operations and Activities';
- (d) Code of Best Practice for Reporting Life Sciences Companies (Second Addition) published by AusBiotech;

- (e) 'Best Practice Guidelines for Communication between Listed Entities and the Investment Community' published by the Australasian Investor Relations Association; and
- (f) Australian Securities & Investments Commission (**ASIC**) Regulatory Guide 62 – 'Better disclosure for investors'.

## **5. Market sensitive information**

- 5.1 Information is "market sensitive" if a reasonable person would be taken to expect information to have a "material effect on the price or value" of securities if the information "would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of" those securities.
- 5.2 In determining whether information is market sensitive, ASX Guidance Note 8 suggests two questions to consider:
  - (a) Would this information influence my decision to buy or sell securities in the entity at their current market price?
  - (b) Would I feel exposed to an action for insider trading if I were to buy or sell securities in the entity at their current market price, knowing this information had not been disclosed to the market?

## **6. Disclosure of market sensitive information**

- 6.1 Market sensitive information must be disclosed to ASX in accordance with this Policy.
- 6.2 The Board shall appoint a responsible officer (and possibly a deputy responsible officer to act in his or her absence) who is responsible for determining what information is to be disclosed to the market (**Responsible Officer**). Where there is doubt as to whether certain information should be disclosed, the Responsible Officer will discuss the issue with senior executives or the Board, and if necessary, seek external advice. Where a Responsible Officer has not been appointed the Company Secretary will be deemed to be the Responsible Officer.
- 6.3 The following provides a guide as to the type of information that is likely to require disclosure. This is not an exhaustive list. The determination of whether certain information is market sensitive information which is subject to continuous disclosure necessarily involves the use of judgment. There will inevitably be situations where the issue is less than clear. If you come across information which potentially falls within the category of market sensitive information, you should treat it as if it is market sensitive information and leave the question for the Responsible Officer to resolve.
- 6.4 The type of information that could be market sensitive for the Company includes:
  - (a) a transaction that will lead to a significant change in the nature or scale of the Company's activities;
  - (b) the granting or withdrawal of a material licence;
  - (c) the granting of, challenge to, withdrawal of, or non-renewal of patents or other intellectual property relating to the Company's key technology, or technology licenced to the Company that is material to the Company's business operations;
  - (d) the entry into, variation or termination of a material agreement;
  - (e) becoming a plaintiff or defendant in a material law suit;

- (f) the fact that the Company's earnings will be materially different from market expectations;
- (g) the appointment of a liquidator, administrator or receiver;
- (h) the commission of an event of default under, or other event entitling a financier to terminate, a material financing facility;
- (i) under-subscriptions or over-subscriptions to an issue of securities (a proposed issue of securities is separately notifiable to the ASX under Listing Rule 3.10.3);
- (j) giving or receiving a notice of intention to make a takeover;
- (k) any rating applied by a rating agency to the Company or its securities and any change to such a rating.
- (l) results of material research and development studies, i.e. results of pre-clinical or clinical trials;
- (m) royalties, sales and production figures;
- (n) profit and production forecasts;
- (o) material borrowings or material changes to terms of existing borrowings;
- (p) material changes to liquidity and material cash flow information; and
- (q) significant mergers, joint ventures, acquisitions, restructures, or takeovers; major asset purchases or sales;

## 7. Roles and responsibilities

7.1 This Policy will be administered by several key personnel within the Company. However, employees at every level have a role to play to ensure that the Company achieves the objectives of this Policy.

7.2 The responsibilities under this Policy are divided as follows:

- (a) **Board of Directors:** the Board has adopted this Policy and will be responsible for reviewing and approving all draft Company announcements that contain market sensitive information, including periodic reports of the Company (such as quarterly, half-yearly and annual reports) before these announcements are released to the market;
- (b) **Responsible Officer:** the officer of the Company appointed by the Board as the person responsible for determining the content and timing of all communications with ASX;
- (c) **Company Secretary:** responsible for the overall administration of this Policy and the filing of all communications with ASX (see below);
- (d) **Authorised spokespersons:** the only employees authorised to speak on behalf of the Company to external parties (see below); and
- (e) **All employees:** report any market sensitive information to the Responsible Officer; observe the Company's "no comments" policy.

## 8. Company Secretary

The Company Secretary is responsible for the overall administration of this Policy, and in particular, is responsible for:

- (a) ensuring that the Company is compliant with its continuous disclosure obligations;
- (b) filing of all communications with ASX;
- (c) reviewing proposed external announcements, and consulting with appropriate members of the Board, senior executives and/or external advisers as necessary;
- (d) implementing reporting processes and determining divisional guidelines (financial or qualitative) for materiality of information;
- (e) reporting on continuous disclosure issues regularly to the Board;
- (f) keeping a record of all ASX and other announcements that the Company has made;
- (g) monitoring the effectiveness of this Policy, including the understanding by employees in general of the principles and spirit of continuous disclosure; and
- (h) regularly reviewing this Policy for legislative changes or development of best practice, and communicating any amendments to the employees.

## **9. Authorised spokespersons**

9.1 The authorised spokespersons for the Company are:

- (a) the chairperson of the Board (**Chairperson**);
- (b) the Managing Director and Chief Executive Officer;
- (c) the Company Secretary; and
- (d) other persons authorised by the Board from time to time.

9.2 The authorised spokespersons in paragraph 9.1 are the only directors or employees who may speak to the media or other external parties in relation to matters subject to this Policy.

9.3 Authorised spokespersons should be briefed by the Responsible Officer about prior disclosures by the Company before speaking with external parties. When communicating with external parties, an authorised spokesperson:

- (a) should ensure all comments relate to information within the public domain as the disclosure of confidential information, even if inadvertent, may result in the information no longer falling within the exception to Listing Rule 3.1 and therefore being required to be disclosed to ASX immediately if it is market sensitive information;
- (b) may clarify information that the Company has released to ASX but must not comment on market sensitive information that has not previously been released;
- (c) should limit any comments to his or her area of expertise; and

- (d) should report to the Responsible Officer after the external communication is made, to determine if any confidential information has been inadvertently disclosed and whether as a consequence any disclosure to ASX is necessary.

## 10. Company announcements - the procedures

10.1 The management of the Company's external announcements depends on an effective system of internal reporting and announcement preparation.

10.2 The following procedures will apply in relation to all external announcements:

- (a) **Identification and notification of market sensitive information:** As soon as an employee becomes aware of market sensitive information which has not been previously released by the Company, he or she should immediately notify the Responsible Officer, the Company Secretary or the Managing Director and Chief Executive Officer.
- (b) **Continuous disclosure issues:** Continuous disclosure issues will be a permanent item on the agenda for every Board meeting.
- (c) **Review of market sensitive information:** After receiving any market sensitive information, the Responsible Officer will review the information (in consultation with the Managing Director and Chief Executive Officer, senior executives, Board and/or external advisers if necessary), to determine whether the information is required to be disclosed.
- (d) **Prepare external announcement:** If the information is required to be disclosed, the Managing Director / Chief Executive Officer and the Responsible Officer will prepare a draft announcement. Such announcements should be factual, relevant, and expressed in an objective and clear manner. The use of emotive or intemperate language should be avoided.
- (e) **Obtain sign-off:** All draft Company announcements that contain market sensitive information, including periodic reports of the Company (such as quarterly, half-yearly and annual reports) will be reviewed and approved by the Board, before being released to the market.
- (f) **Lodge announcement:** The Company Secretary (only) shall lodge the announcement with ASX electronically.
- (g) **Post announcement on Company website:** After receiving an acknowledgement from ASX that the announcement has been released to the market, the announcement must be uploaded to the Company's website (under the section "www.exopharm.com") within 24 hours of receiving ASX's acknowledgement.

10.3 In light of the Company's obligation to disclose market sensitive information immediately when it is or becomes aware of the information, the above steps, where required, should be taken as a matter of urgency. In the context of the Company's continuous disclosure obligations, "immediately" means "promptly and without delay".

## 11. Joint announcements

In situations where the Company needs to issue a joint announcement with a joint venture or project partner, the Company will seek to give the partner the opportunity to review the announcement prior to its release, provided that it does not compromise the Company's ability to comply with its disclosure obligation.

## 12. Timing

- 12.1 The Company must not release market sensitive information publicly until it has disclosed it to ASX and received confirmation of its release by ASX.
- 12.2 If information is to be released by the Company's Head Office in Perth and simultaneously in another geographical location (for example, by a foreign joint venture partner), the Responsible Officer will consult with the relevant parties to determine how the requirement of the Listing Rules will impact on the timing of the disclosure.

### **13. Company Website**

- 13.1 The Company's website (under the "Investor" section) will contain relevant information on the Company such as:
- (a) ASX announcements;
  - (b) annual reports and other financial results; and
  - (c) presentation and other information provided to analysts and investor groups.
- 13.2 The Company Secretary must review the relevant information prior to it being posted on the website. The "Investor" section of the website will be reviewed continuously to ensure that it is up-to-date, complete and accurate.

### **14. Use of trading halts**

Where circumstances are such that the Company cannot immediately release information that must be disclosed, the Company will request a trading halt to ensure that trading in the Company's securities does not occur on an uninformed basis. The Chairperson, Chief Executive Officer, Managing Director, Responsible Officer and the Company Secretary will be the only persons authorised to request a trading halt on behalf of the Company.

### **15. Media and market speculation**

- 15.1 The Company's general policy regarding market speculation and rumours is to respond by advising that "*the Company does not respond to market rumour or speculation*". However, it may be necessary to issue a statement in specific circumstances where:
- (a) the Company considers it has an obligation to make a statement on a particular matter;
  - (b) there is, or is likely to be, a material change in the market price or traded volumes of the Company's securities that appears to be referable to the comment or speculation and a statement in response has not previously been made; or
  - (c) in response to a formal requirement of the ASX in accordance with Listing Rule 3.1B where, if the ASX considers that there is or is likely to be a false market in the Company's securities, it may require the Company to give the ASX any information it asks for to correct or prevent the false market.
- 15.2 ASX is likely to consider that there is or is likely to be a false market in the Company's securities if:
- (a) the Company has information that has not been released to the market (e.g. because Listing Rule 3.1.A applies);

- (b) there is a reasonably specific rumour or media comment in relation to the Company that has not been confirmed or clarified by an announcement to the market; and
- (c) there is evidence that the rumour or comment is having, or the ASX forms a view that the rumour or comment is likely to have, an impact on the price of the Company's securities.

## **16. Briefings / meetings / conference calls with analysts or investors**

16.1 As part of the Company's management of investor relations and to enhance stockbroking analysts' understanding of its background and technical information, the Company may conduct presentations to broking firms, analysts or investors from time to time, including the following (collectively referred to as **briefings**):

- (a) Investor presentations;
- (b) one-on-one discussions (for the purpose of this Policy, this includes any communications between the Company and an analyst/investor);
- (c) group briefings; and
- (d) conference calls.

16.2 The Company's policy for conducting briefings is not to disclose any information which is market sensitive information that has not been announced to ASX.

16.3 In addition, the following protocols will be followed in relation to such briefings:

- (a) The company should only present the latest Investor Presentation that has been released to the ASX;
- (b) if possible, the Managing Director, Chief Executive Officer, Company Secretary or another director should be present at the briefing;
- (c) if a question raised during the briefing can only be answered by disclosing market sensitive information which was not previously disclosed to ASX, the employee should decline to answer the question, but take the question on notice;
- (d) employee(s) participating at a briefing should:
  - (i) conduct a post-briefing review to identify whether any confidential information has been disclosed; and
  - (ii) if confidential information has been disclosed, immediately report the disclosure to the Responsible Officer; and
- (e) prior to any formal presentation to analysts or at a seminar, the Company will post the presentation on the Company's website.

## **17. Responding to analyst reports and forecasts**

17.1 Stockbroking analysts frequently prepare reports on securities of listed entities, including the Company, which may contain projections. The Company acknowledges the importance of analyst reports in facilitating the operation of the market in an informed and efficient manner.

17.2 However, the Company is independent, and will do all things necessary to be seen as independent, to analysts. The Company will not endorse any such reports, and will



restrict its comments to factual matters and information which has been previously disclosed to ASX and the market generally.

17.3 In particular, the Company:

- (a) will not generally comment on analyst forecasts or disclose its own projections, however, it may comment on analyst reports by:
  - (i) acknowledging the report's range of estimates; and
  - (ii) correcting factual errors or assumptions where the relevant information has already been disclosed;
- (b) will include a disclaimer that the Company is not responsible for, and does not endorse, the analyst report, in any response made to an analyst; and
- (c) may consider issuing a profit warning/statement if it becomes apparent that in general the market's earnings projections on it materially differ from its own estimates.

17.4 If a draft report has been sent to the Company for comments, it should be forwarded immediately to the Responsible Officer.

## **18. Social media**

18.1 The Company routinely monitors social media as part of its efforts to avoid the emergence of a false market in the Company's securities. The Company also monitors social media in the following specific circumstances:

- (a) when a market sensitive announcement is pending; or
- (b) when the Company is close to finalising a market sensitive transaction.

18.2 Monitoring of social media in these circumstances will include review of investor blogs, chat sites and other social media known to regularly include postings about the Company.

18.3 Employees and officers of the Company must not participate in chat site or other social media discussions where the subject matter relates to the Company.

## **19. Inadvertent disclosure of information**

19.1 Disclosure of market sensitive information to an external party prior to disclosure to ASX constitutes a breach of Listing Rule 15.7. To prevent a breach of Listing Rule 15.7, and to minimise the consequences should such a breach occur, the following procedures apply.

19.2 A review should be done following any communications with an external party. If an employee becomes aware that:

- (a) there may have been inadvertent disclosure of market sensitive information (which has not been disclosed to ASX) during any communication with external parties; or
- (b) confidential Company information may have been leaked (whatever its source),

he or she should immediately notify the Responsible Officer. In such a situation, the Company will need to immediately issue a formal ASX announcement.

- 19.3 Where the confidential information disclosed during external communications is not market sensitive, the Company will still ensure equal access to that information by posting it on its website.

## **20. Advisers and consultants**

The Company will require consultants and professional advisers engaged by the Company or any of its subsidiaries to adhere to this Policy. The Company may ask such consultants and professional advisers to sign a confidentiality agreement.

## **21. Securities trading by directors and employees**

Directors and employees of the Company must comply with the Company's Securities Trading Policy. A copy of the Securities Trading Policy is available on the Company's website and a summary is provided to all new directors and employees.

## **22. Breach of Policy**

- 22.1 Non-compliance with continuous disclosure obligations may constitute a breach of the Corporations Act or the Listing Rules. This may result in fines for the Company, personal liabilities for directors and other officers, and damage to the Company's reputation.
- 22.2 A breach of this Policy may result in disciplinary action against the relevant officer or employee, including dismissal in serious cases.

## **23. Further information**

- 23.1 You should read this Policy carefully and familiarise yourself with this Policy and procedures detailed. The Company will publish this Policy on the Company's website: [exopharm.com](http://exopharm.com).
- 23.2 The Company will review this Policy regularly as legislative requirements change and best practice for continuous disclosure evolves. The Company Secretary will communicate any amendments to the Company's employees.
- 23.3 If you have any questions or need further information in relation to this Policy, please contact the Company Secretary.