

**ASX RELEASE**  
**31<sup>st</sup> December 2010**

## **COMPANY POLICY ON SHARE TRADING**

In accordance with ASX Guidance Note 27, Gunson Resources Limited (**Gunson**) outlines below its policy on share trading, including the attached Share Trading Procedure for all Company personnel.

Gunson is committed to good corporate governance principles and as part of this, to minimise any potential for breach of the prohibitions on Insider Trading contained in the **Corporations Act**. Directors and employees, including part-time employees, are bound by this policy when trading in Gunson shares.

Company commitment:

- Regulate when directors and employees can buy or sell Gunson shares; and
- Define 'blackout periods' during which it is prohibited to trade in Gunson shares.

Director and Employee commitment:

- Not trade while you have inside information;
- Not trade during the 'blackout periods' including:
  - From the first day of the month in which the quarterly cash flow report is released to the ASX and concluding two (2) business days after such release;
  - Thirty (30) days prior to the Company's Annual General Meeting and concluding two (2) business days after such meeting; and
  - Other periods advised by the Board or Managing Director.
- Not advise others to trade or communicate "inside information" to another person knowing that the person may use the information to trade in, or procure someone else to trade in, Gunson shares or any other shares;
- Not enter into any margin loans or hedging arrangements on shares held in Gunson; and
- Notify the Company Secretary of any intention to trade (either buying or selling) in Gunson shares, either by yourself or your associates, before such trade occurs and to complete the requisite share trading request notice.

Gunson believes in a long-term attitude to investment and discourages short-term or speculative trading in Gunson shares by directors and employees.

**I E GREGORY**  
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## SHARE TRADING PROCEDURE – Effective 1<sup>st</sup> January 2011

### 1. INTRODUCTION

#### 1.1 Purpose

The purpose of this document is to provide Gunson Resources Limited (**Gunson**) personnel with guidelines for the trading of shares in accordance with the Company's Share Trading Policy, including:

- (a) a brief summary of the law on insider trading, and other relevant laws;
- (b) a summary of the restrictions on dealing in shares by people who work for or are associated with Gunson Resources Limited and its subsidiary companies (**Gunson Resources Ltd** or the **Company**); and
- (c) assistance in maintaining market confidence in the integrity of dealings in Gunson shares.

If you do not understand any part of this procedure, the Company policy or how it applies to you, you should discuss the matter with the Company Secretary before dealing in any Gunson shares.

#### 1.2 Statement of Policy

Whenever you have inside information which may affect the value of shares, you must not:

- (a) deal in the shares; or
- (b) communicate the information to anyone else outside the Company.

This prohibition applies regardless of how you learned the information. It applies not only to Gunson shares. Shares are defined in section 2.2 below.

The concepts of "**inside information**", "**shares**", "**dealings**" and "**communicating information**" are explained below.

A copy of the Gunson Share Trading Policy and this Share Trading Procedure will be provided to all Gunson personnel.

### 2. APPLICATION

#### 2.1 Who is covered by the Company's Share Trading Policy

The Company's Share Trading Policy and Share Trading Procedure will apply to all:

- (a) directors; and
- (b) full-time, part-time and casual employees,

of Gunson (**Gunson Personnel**).

## **2.2 What shares are covered?**

The Company's Share Trading Policy and Share Trading Procedure will apply to the following shares:

- (a) Gunson shares;
- (b) any other securities which may be issued by Gunson such as options and performance rights;
- (c) derivatives (such as exchange-traded options and warrants) and other financial products issued by third parties in relation to Gunson shares; and
- (d) shares of any other company or entity that may be affected by inside information (such as a Gunson joint venture partner, another party involved in a corporate transaction with Gunson or a Gunson contractor or shareholder).

## **2.3 What is dealing?**

For the purposes of the Company's Share Trading Policy and this Share Trading Procedure, dealing in shares includes:

- (a) trading in shares (ie subscribing for, buying, selling or entering into an agreement to do any of those things); and
- (b) advising, procuring or encouraging another person (such as a family member, friend, associate, colleague, broker, financial planner, investment adviser, family company or family trust) to trade in shares.

## **2.4 What is communicating information?**

Communicating information includes passing it on to another person (such as a family member, friend, associate, colleague, broker, financial planner, investment adviser, family company or family trust).

# **3. CONCEPTS AND PROHIBITED CONDUCT**

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## **3.1 What is insider trading?**

In broad terms, you will commit insider trading if you:

- (a) deal in Gunson shares or shares of another entity while you have inside information; or
- (b) communicate inside information to another person knowing (or where you should have reasonably known) that the other person would, or would be likely to use that information to deal in, or procure someone else to deal in, shares. This is commonly known as "tipping".

Individuals who contravene the insider trading provisions of the Corporations Act are liable to prosecution or to civil penalty action by the Australian Securities and Investments Commission. In a criminal prosecution, the maximum penalty for an individual is \$220,000 and/or 5 years' imprisonment. In a civil penalty proceeding, a penalty of up to \$200,000 may be imposed. In

both cases, the offender may be ordered to pay compensation to anyone who suffered loss as a result of the insider trading.

Separately, someone who engages in insider trading may be sued by another party or Gunson in a civil action, for any loss suffered as a result of the insider trading.

### **3.2 What is inside information?**

Inside information is information that:

- (a) is not generally available to people who commonly invest in shares; and
- (b) if it was generally available, would (or would be likely to) influence experienced investors in deciding whether or not to subscribe for, purchase or sell Gunson shares or shares of another entity.

It does not matter how you come to have the inside information - for example, whether you learn it in the course of carrying out your responsibilities, or in passing in the corridor, or in the lift or at a dinner party.

The financial impact of the information is important but strategic and other implications can be equally important in determining what amounts to inside information. The definition of "information" is broad enough to include rumours, matters of supposition, intentions of a person (including Gunson) and information which is not definite enough to warrant public disclosure.

### **3.3 What are some examples of inside information?**

The following list is illustrative only. Inside information about Gunson could include:

- (a) information relating to significant projects, contractors or tenders;
- (b) information relating to Gunson's financial results or forecast results;
- (c) a possible sale or acquisition of material assets by Gunson;
- (d) a possible change in Gunson's capital structure (for example, a new issue of capital/equity to raise monies or a buy-back of shares);
- (e) a proposed dividend or change in dividend policy;
- (f) board or senior management changes;
- (g) an event which could have a material impact (either positively or negatively) on projects, production or profits (for example, significant change to a contract or customer, a significant safety or environmental incident);
- (h) a proposed change in the nature of Gunson's business;
- (i) a proposed takeover or merger involving Gunson;
- (j) a notification to ASX of a substantial shareholding in Gunson;
- (k) any information required to be disclosed to ASX under its continuous disclosure rules; and
- (l) any possible claim against Gunson or other unexpected liability.

### **3.4 Shares of other companies**

The prohibition on insider trading is not restricted to information affecting Gunson shares. If you possess inside information in relation to shares of another company or entity, you must not deal in those shares. In the course of your duties as an employee, director, adviser, consultant or contractor of Gunson, you may obtain inside information in relation to another company. For example:

- (a) in the course of negotiating a transaction with Gunson, another company might provide confidential information about itself;
- (b) in the course of negotiating a transaction with Gunson, another company might provide confidential information about a third party; or
- (c) information concerning a proposed transaction or other action by Gunson might have a material effect on a third party.

## **4. WHAT OTHER CONDUCT IS PROHIBITED?**

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### **4.1 Short term dealing**

The Board discourages short term or speculative dealing in Gunson shares.

### **4.2 Hedging**

If you are a director or employee of Gunson who participates in a Gunson equity-based incentive plan (for example, a share or option plan), you must not enter into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in Gunson shares.

An unvested entitlement is a Gunson share or option which is still subject to time and/or performance hurdles.

### **4.3 Margin loans**

You are not permitted to enter into a margin loan or other financing arrangement where there is a risk that Gunson shares will be traded pursuant to the terms of the margin loan or financing arrangement (together a **Margin Loan**), unless you have obtained prior written consent of the Chairman to enter into the Margin Loan and disclose to the Chairman the following information regarding the Margin Loan (**Loan Information**):

- (a) key terms;
- (b) number of Gunson shares involved;
- (c) the trigger points;
- (d) the right of the lender to sell the shares unilaterally; and
- (e) any other material details.

If you are the Chairman of Gunson and you intend to enter into a Margin Loan, you must obtain the prior written consent of the Board to enter into the Margin Loan and disclose to the Board, the Loan Information.

#### **4.4 Blackout periods**

Unless otherwise approved by the Board in exceptional circumstances (for example, genuine and pressing need), you are not permitted to deal in Gunson shares during the blackout periods:

- (a) the period commencing from the first day of the month in which the quarterly cash flow report is released to the ASX and concluding two (2) business days after such release;
- (b) the period commencing thirty (30) days prior to the Company's Annual General Meeting and concluding two (2) business days after such meeting; and
- (c) such other periods advised by the Board or the Managing Director (such as prior to the announcement to ASX of a significant matter or event).

#### **4.5 Exceptional Circumstances**

Where in exceptional circumstances and it being the only reasonable course of action available to a director or employee (e.g. a pressing financial commitment that cannot be satisfied otherwise than by the trade) clearance may be given for the person to sell (but not to purchase) securities when he/she would otherwise be prohibited from doing so under this Share Trading Procedure. The Chairman will determine whether the circumstances are exceptional for this purpose and give written approval for the dealing.

#### **4.6 Share Trading Procedure Exclusions**

The following trading does not fall under this Share Trading Procedure:

1. trading in a managed securities portfolio (other than a portfolio that only invests in the securities of the Company) and where the person is not in a position to influence choices in that portfolio;
2. where the trade results from a dividend reinvestment plan where the person has given ongoing instructions to reinvest dividends;
3. where the trade is as a result of subscription for shares the subject of a current prospectus or other form of disclosure document the Company has on issue;
4. where the trade is a transfer of securities of the Company that are already held into a superannuation fund or other saving scheme in which the director or employee is a beneficiary;
5. undertakings to accept, or the acceptance of, a takeover offer;
6. 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 buyback 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;

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 director or employee could not reasonably have been expected to exercise it at a time when free to do so;
8. allowing entitlements to lapse under a rights issue or other offer (including an offer of shares in lieu of a cash dividend);
9. bona fide gifts to a Director by a third party;
10. the cancellation or surrender of an option under an employee share scheme;
11. the purchase of Securities or the communication of information pursuant to a requirement imposed by law; and
12. transfers of Securities by an independent trustee of an employee share scheme to a beneficiary who is not a Person.

Options in the Company may be exercised at any time in accordance with their terms of issue (including during the trading window) subject to the prohibitions on insider trading set out in the Corporations Act. Any subsequent sale of such securities will be subject to the terms of this Share Trading Procedure.

The Company advises directors and employees to defer trades if an announcement of a major event or the release of price-sensitive information is likely to occur shortly after a proposed trade, even if it is inside the trading window to avoid the potential for breaches of insider trading legislation.

## **5. PERMITTED CONDUCT**

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### **5.1 When is dealing permitted if you are an Employee?**

If you are an employee of Gunson, the following rules apply:

Subject to the rules of any applicable Gunson equity-based plan (for example, a share incentive plan or option incentive plan) you can deal in Gunson shares at any time provided:

- (i) you obtain the prior written consent of the Managing Director;
- (ii) you confirm to the Managing Director that you do not have inside information;
- (iii) the dealing does not occur during a blackout period (refer to 4.4, 4.5 & 4.6 above);
- (iv) you are preferably not involved in short term or speculative dealing; and

- (v) you are not hedging the risk of any fluctuation in value of any unvested entitlement in Gunson shares;

If you are considered to be key management personnel then the following section (5.1 (vi) to (xii)) will also apply to the dealing.

For the purposes of this procedure, key management personnel are those personnel in the Company that directly report to the Managing Director.

If you subsequently deal in those shares – you must confirm the dealing in writing to the Managing Director and Company Secretary within two business days after the dealing. The confirmation must include:

- (vi) your name;
- (vii) the name of any person who dealt on your behalf;
- (viii) details of your interest (direct or indirect) in the Gunson shares the subject of the dealing;
- (ix) the date of the dealing;
- (x) the number of Gunson shares subscribed for, bought or sold, and a copy of the contract;
- (xi) the amount paid or received for those shares; and
- (xii) the number of Gunson shares held by you (directly or indirectly) before and after the dealing.

## **5.2 When is dealing permitted if you are a Director?**

If you are a director of Gunson, the following rules apply:

You can only deal in Gunson shares (or financial products issued by third parties in relation to Gunson shares which operate to limit the economic risk of a vested holding in Gunson shares) provided:

- (i) you obtain the prior written consent of the Chairman (or the Board if you are the Chairman);
- (ii) you confirm that you are not in possession of any inside information;
- (iii) the dealing does not occur during a blackout period (refer to 4.4, 4.5 & 4.6 above);
- (iv) you are preferably not involved in short term or speculative dealing; and
- (v) you are not hedging the risk of any fluctuation in value of any unvested entitlement in Gunson shares;



If you subsequently deal in those shares, you must confirm the dealing in writing to the person to whom your prior notice was given and the Company Secretary within two business days after the dealing. The confirmation must include:

- (vi) your name;
- (vii) the name of any person who dealt on your behalf;
- (viii) details of your relevant interest (direct or indirect) in the Gunson shares the subject of the dealing;
- (ix) the date of the dealing;
- (x) the number of Gunson shares subscribed for, bought or sold;
- (xi) the amount paid or received for those shares;
- (xii) the number of Gunson shares held by you (directly or indirectly) before and after the dealing, including where the shares are held indirectly, the names of the holder of shares on the Company's share register and the name of any underlying beneficiary; and
- (xiii) sufficient information to enable Gunson to comply with the requirements to notify a change of interests to ASX.

### **5.3 Do I have any other obligations to Gunson?**

In addition to the insider trading and other restrictions in this Share Trading Procedure, you also owe a duty of confidentiality to Gunson. You must not reveal any confidential information concerning Gunson, use that information in any way which may injure or cause loss to Gunson, or use that information to gain an advantage for yourself.

Under the Corporations Act, breach of these duties may result in:

- (a) liability for a civil penalty;
- (b) criminal liability, if recklessness or dishonesty is involved; and/or
- (c) liability to compensate Gunson for any damage it suffers as a result of the disclosure.

## **6. CONSEQUENCES OF BREACH**

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### **6.1 What if I breach the Company Share Trading Policy or this Share Trading Procedure?**

Strict compliance with the Company's Share Trading Policy and this Share Trading Procedure is mandatory for all Gunson Personnel.

Contravention of the Corporations Act is a serious matter which may result in criminal or civil liability.

In addition, breaches of the Company's Share Trading Policy and this Share Trading Procedure may damage Gunson's reputation in the investment community and undermine confidence in the market for Gunson shares. Accordingly, breaches will be taken very seriously by Gunson and will be subject to disciplinary action, including possible termination of a person's employment or appointment.

## **7. PUBLICATION**

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### **7.1 Where can I find the Company's Share Trading Policy and this Share Trading Procedure?**

A copy of the Share Trading Policy and this Share Trading Procedure will be available on the Gunson internet website.

A copy of the Share Trading Policy and this Share Trading Procedure will be provided to all new directors and employees of Gunson as part of Gunson's induction procedures.

### **7.2 Will I receive any training?**

If you do not understand this procedure or wish to receive training on compliance, please contact the Company Secretary.

## **8. REVIEW**

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The Company's Share Trading Policy will be reviewed annually to ensure that it continues to comply with all applicable laws and good corporate governance practices.

## **9. EXPLANATION OF TERMS**

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For the purposes of this:

**"deal in shares"** means buy or sell shares, options or other shares, or enter into transactions in relation to shares, options or other shares, either directly or through a family trust, superannuation fund, company or in any other manner.

**"director"** means a director of Gunson Resources Limited and includes any related party of the director.

**"Insider Trading"** includes:-

- dealing in shares whilst in possession of inside information; or
- communicating inside information to another person knowing that the other person would, or would be likely to, use that information to deal in or procure someone else to deal in shares (known as "tipping").