

1 INTRODUCTION

- 1.1 LongReach Group Limited (LongReach or the Company) is listed on the Australian Securities Exchange (ASX) and must comply with the Corporations Act 2001 (Cth) and the ASX Listing Rules.
- 1.2 The purpose of this policy is to:
- a) ensure that all directors, officers and employees are aware of the continuous disclosure obligations of the Company; and
 - b) implement a procedure for:
 - 1) the central allocation of all Material Information;
 - 2) the assessment of whether that Material Information must be disclosed to the ASX pursuant to the Corporations Act 2001 (Cth); and
 - 3) the method of release of that Material Information to the ASX.
- 1.3 The Company expects its directors, officers and employees to make themselves familiar with this policy.

2 THE LAW

- 2.1 Section 674 of the Corporations Act 2001 (Cth) requires the Company to comply with the ASX Listing Rules relating to the continuous disclosure to the ASX of Material Information about the Company.
- 2.2 The Corporations Act 2001 (Cth) states that if the information:
- a) is not generally available; and
 - b) is information that a reasonable person would expect, if it were generally available, to have a material effect on the price or value of LongReach shares,
- the Company must notify the ASX of that information in accordance with the ASX Listing Rules.
- 2.3 The Corporations Act 2001 (Cth) also states that a reasonable person would be taken to expect information to have a material effect on the price or value of LongReach shares if:
- "... the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the [LongReach shares]."*

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3 PENALTIES

- 3.1 A breach of section 674(2) is a criminal offence punishable by a maximum fine of \$200,000 or 5 years' imprisonment, or both.¹
- 3.2 A director or employee who is knowingly involved in the breach of the section may be exposed to liability if a third party, who has suffered loss or damage as a result of the breach, commences legal action.

4 ASX LISTING RULES

- 4.1 ASX Listing Rule 3.1 requires immediate notification of Material Information as follows:

"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."

- 4.2 Like the Corporations Act 2001 (Cth), the ASX Listing Rules state that:

"a reasonable person is taken to expect information to have a material effect on the price or value of [LongReach shares] if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, or buy or sell [LongReach shares]."

This information is referred to as "Material Information" within this policy.

- 4.3 The requirement to immediately disclose Material Information to the ASX does not apply where all of the following elements are satisfied:

3.1A.1 *A reasonable person would not expect the information to be disclosed.*

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

3.1A.3 *One or more of the following applies:*

- It would be a breach of a law to disclose the information.
- The information concerns an incomplete proposal or negotiation.
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure.
- The information is generated for the internal management purposes of the entity.
- The information is a trade secret.

- 4.4 ASX Listing Rule 3.1B provides that where

"ASX considers that there is or is likely to be a false market in an entity's securities [LongReach shares] and asks the entity [LongReach] to give it information to correct or prevent a false market, the entity must give ASX the information needed to correct or prevent the false market."

The ASX is likely to consider there is a false market in LongReach shares where:

- a) LongReach has information that has not been released to the market because it falls under the exception in ASX Listing Rule 3.1A;

¹ Corporations Act 2001 (Cth), s1317G.

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

4.5 LongReach directors and employees must ensure that only public information (being information that is in the public domain) is provided when answering questions asked by third parties, including analysts.

5 POLICY AND PROCEDURE FOR DEALING WITH MATERIAL INFORMATION

- 5.1 The Company Secretary is primarily responsible for ensuring that this policy is implemented and enforced and that all required Material Information is disclosed to the ASX as required by the ASX Listing Rules and the Corporations Act 2001 (Cth).
- 5.2 All LongReach employees must immediately disclose full details of any Material Information that comes to their attention to the Company Secretary.
- 5.3 Directors and members of the LongReach Board of Directors must immediately disclose full details of any Material Information that comes to their attention to the Company Secretary. If a Director is unsure whether specific information would be Material Information, they must immediately disclose full details of the information to the Company Secretary.
- 5.4 The Company Secretary is responsible for reviewing all information forwarded pursuant to this policy and for making a recommendation to the Chairman and Chief Executive Officer on whether it is Material Information that must be disclosed to the ASX and/or falls within the exception referred to in paragraph 4.3 above.
- 5.5 The ASX Listing Rules require disclosure of Material Information that has, or ought reasonably to have come into the possession of a director or executive officer.² As a result, all directors and managers are expected to keep up to date with all matters within their operations which may become material.
- 5.6 When a director, officer and/or an employee is in possession of Material Information, they must not trade LongReach shares. The Share Trading Policy describes when directors, officers and employees may trade LongReach shares.

6 EXAMPLES OF INFORMATION REQUIRED TO BE DISCLOSED

- 6.1 The ASX has included in the ASX Listing Rules the following examples of information which would need to be disclosed under Listing Rule 3.1 if it is material:
 - a) a change in LongReach's financial forecast or expectation;
 - b) the appointment of a receiver, manager, liquidator or administrator in respect of any loan, trade credit, trade debt, borrowing or securities held by it or any of its child entities;
 - c) a transaction for which the consideration payable or receivable is a significant proportion of the written down value of the entity's consolidated assets. Normally, an amount of 5% or more would be significant, but a small amount may be significant in a particular case;
 - d) a recommendation of a dividend;

² ASX LR 19.12, definition of "aware".

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- e) under subscriptions or over subscriptions to an issue;
- f) information about the beneficial ownership of securities obtained under Part 6C.2 of the Corporations Act;
- g) giving or receiving a notice of intention to make a takeover;
- h) an agreement between the entity (or a related party or subsidiary) and a director (or a related party of the director);
- i) a change in accounting policy adopted by the entity;
- j) any rating applied by a rating agency to an entity, or securities of an entity, and any change to such a rating; and
- k) a proposal to change the entity's auditor.

7 OBLIGATIONS OF THE CHAIRMAN, CHIEF EXECUTIVE OFFICER AND THE COMPANY SECRETARY

- 7.1 Where an employee comes into receipt of Material Information, it must immediately provide full details of that information to the Company Secretary.
- 7.2 The Company Secretary has overall administrative responsibility for reviewing all information forwarded pursuant to this policy and for making a recommendation to the Chairman or Chief Executive Officer on whether it is Material Information that must be disclosed to the ASX and/or falls within the exceptions referred to in paragraph 4.3.
- 7.3 The Company Secretary must:
- a) review all information forwarded pursuant to this policy and decide which information may be Material Information which must be disclosed to the ASX;
 - b) provide advice to the Chairman and Chief Executive Officer;
 - c) following approval of disclosure by the Chairman and/or Chief Executive Officer, release the information to the ASX; and
 - d) maintain a record of all Material Information disclosed to the ASX.

8 COMPLIANCE

- 8.1 The Board of Directors may request the internal and external auditors to audit and report on the Company's compliance with this policy.

9 DISSEMINATION OF POLICY

- 9.1 To promote understanding of the ASX continuous disclosure requirements, related Corporations Act provisions and the Company's policy, a copy of this document will be published on LongReach Website. All staff will be periodically reminded to review this policy.

10 QUESTIONS

Any questions relating to this policy should be raised with the Company Secretary.