

Information Policy

Astro Diamond Mines NL
ACN 007 090 904

1 Introduction

The purpose of this Information Policy is to set out the procedure for:

- protecting confidential information from unauthorised disclosure;
- identifying material price sensitive information and reporting it to the Company Secretary for review;
- ensuring Astro Diamond Mines NL (**Astro** or the **Company**) achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules; and
- ensuring Astro and individual officers do not contravene the Corporations Act or ASX Listing Rules (which carry serious penalties).

Astro has obligations under the Corporations Act and ASX Listing Rules to keep the market fully informed of information which may have a material effect on the price or value of Astro's securities and to correct any material mistake or misinformation in the market. Astro discharges these obligations by releasing information to the ASX in the form of an ASX release or disclosure in other relevant documents (e.g. the Annual Report).

The maintenance of confidentiality is also of paramount importance to the Company both to protect its trade secrets and to prevent any false market for the Company's shares from developing.

This Information Policy does not address policies for directors and senior executives in buying and selling Astro's shares. These policies are set out in the Company's "*Guidelines for Dealing in Securities*".

2 Information Policy

2.1 Persons to whom this policy applies

This Information Policy applies to all directors of Astro and its subsidiaries, the Managing Director or equivalent's direct reports and the Company Secretary, and those members of senior management who are most likely to be in possession of, or become aware of, the relevant information.

All Astro staff need to be aware of the existence of the policy and to be familiar with its terms so that they can assist with maintaining confidentiality and reporting potentially sensitive information to the appropriate persons within Astro.

2.2 The policy

The following procedures will apply to safeguard against breaches of Astro's continuous disclosure obligations:

- senior management must ensure that their staff are aware that they must not disclose confidential information of the Company (such as manuals, strategies or financial data) (**confidential information**) to any person outside the organisation;
- directors and senior management must immediately notify the Managing Director or equivalent or the Company Secretary as soon as they become aware of information that should be considered for release to the market

(material information) or any breach of confidence in relation to confidential information;

- the Managing Director or equivalent or the Company Secretary will:
 - review the material information reported by senior management;
 - determine, in consultation with the Managing Director or equivalent or the Chairman (as appropriate), whether any of the material information is required to be disclosed to the ASX; and
 - co-ordinate the actual form of disclosure with the relevant members of management.

2.3 Your obligations

You must ensure that members of staff for whom you are responsible are aware of, and periodically reminded of, their obligations of confidence to the Company in relation to confidential information and the importance of confidentiality in relation to the public market for the Company's shares.

As soon as you become aware of information that:

- is not generally available (i.e. the information in question has not been included in any Annual Report, ASX Release or other publication of the Company); and
- may be price sensitive (i.e. it is likely to have a financial or reputational impact upon the Company that may be considered material),

you must provide to the Managing Director or equivalent or to the Company Secretary the following information:

- a general description of the matter;
- details of the parties involved;
- the relevant date of the event or transaction;
- the status of the matter (e.g. final/negotiations still in progress/preliminary negotiations only);
- the estimated value of the transaction;
- the estimated effect on Astro's finances or operations; and
- the names of any in-house or external advisers involved in the matter.

2.4 Analyst/Media Briefings

Information or presentations provided to, and discussions with, analysts, industry or professional bodies or any other person, are also subject to the continuous disclosure policy.

Material information must not be selectively disclosed (e.g. to analysts, industry or professional bodies, the media, customers or any other person) prior to being announced to the ASX. If you are proposing to present any material information to analysts, professional bodies, journalists or customers, you should ensure that copies of your material are provided to the Company Secretary prior to presenting that information externally.

All inquiries from analysts must be referred to the Company Secretary. All material to be presented at an analyst briefing must be approved by or referred through the Managing Director or equivalent prior to briefing.

All inquiries from the media must be referred to the Managing Director or equivalent.

All media releases and material to be presented (e.g. at seminars) must be approved by or referred through Managing Director or equivalent prior to release to journalists or other professional bodies.

2.5 Interview / Briefing Black-out period

No employee may give a media interview or make a presentation to a media or industry group:

- in the period starting on 15 May each year and ending on the release of the Company's preliminary final results; or
- in the period starting on 15 November each year and ending on the release of the Company's half-yearly financial results,

without the specific permission of the Managing Director or equivalent or the Company Secretary.

An employee who is given permission by the Managing Director or equivalent or the Company Secretary to give an interview or make a presentation must notify the Managing Director or equivalent or the Company Secretary of the date and time for the interview and must give a copy of any presentation to the Company Secretary.

The Company Secretary, in consultation with the Board, may impose additional periods in which interviews may not be given or presentations made without the specific permission of the Company Secretary. You will be notified of any such additional interview/briefing black-out period.

2.6 Sign-off of ASX releases

The Company Secretary will liaise with the Managing Director or equivalent or the Chairman (as appropriate) in relation to the form of any ASX releases.

All ASX releases by the Company must be authorised by the Company Secretary and Managing Director or equivalent prior to being transmitted to the ASX Company Announcements Office.

In addition, all ASX releases relating to the following matters must also be authorised by the Chairman:

- the financial results, forecasts or expectations of the Company;
- changes to board or executive composition or roles; and
- announcements in relation to significant transactions by the Company (such as material asset acquisitions or disposals, fundraisings or takeover bids) or developments which may impact upon the corporate standing or reputation of the Company (such as material litigation by or against the company, major OH&S occurrences or major environmental breaches).

2.7 Responsible person

Astro has nominated the **Company Secretary** as the person with primary responsibility for all communication with the ASX in relation to Listing Rule matters.

Specifically, the Company Secretary is responsible for:

- liaising with the ASX in relation to continuous disclosure issues;
- ensuring that Astro's system for the disclosure of all material information to the ASX in a timely fashion is operating effectively;
- reviewing proposed announcements by Astro to the ASX and supervising the sign-off process for ASX releases described in section 2.6 above;
- liaising with the Board of Directors, as appropriate, in relation to the disclosure of information;
- keeping a record of all ASX and other releases that have been made;
- periodically reviewing Astro's disclosure procedures in light of changes to the ASX Listing Rules or Corporations Act and recommending any necessary changes to the procedures; and
- preparing regular disclosure reports to the Board of Astro which advise of:
 - material matters considered and the form of disclosure (if any); and
 - any material changes to Astro's continuous disclosure process.

3 Legal Principles

3.1 Introduction

The Corporations Act and the ASX Listing Rules require Astro, as a company listed on the ASX, to comply with continuous disclosure obligations.

3.2 ASX disclosure obligations

(a) ASX Listing Rule 3.1

ASX Listing Rule 3.1 requires that Astro immediately notify the ASX of:

Any information of which Astro becomes aware, concerning Astro, that a reasonable person would expect to have a material effect on the price or value of any securities issued by Astro.

(b) Material effect on the price of securities

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

A list of matters that may be considered material is set out in Annexure A. This list is merely indicative and should not be seen as an exhaustive list of the matters that should be considered for disclosure

(c) Information in Astro's knowledge

Astro becomes **aware of information** if any of its directors or executive officers has, or ought reasonably to have, come into possession of the information in the course of the performance of his or her duties as a director or executive officer of Astro.

Information that is generally available

The disclosure obligation does not generally apply where the information is generally available. However, the impact of information that is generally available on Astro may be such that it is likely to have a material effect on

the price or value of Astro's securities. If the generally available information is likely to have a material impact on Astro, the disclosure obligation will apply and the impact or effect must be disclosed.

Information is usually considered to be generally available if:

- (1) it consists of a readily observable matter; or
- (2) it has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in any of the classes of securities issued by Astro and a reasonable period for it to be disseminated among such persons has elapsed; or
- (3) it consists of deductions, conclusions or inferences made or drawn from other information that is generally available.

3.3 Exceptions to ASX disclosure obligations

Disclosure under Listing Rule 3.1 is not required where **each** of the following conditions is and remains satisfied:

- a reasonable person would not expect the information to be disclosed; and
- the information is confidential and ASX has not formed the view that the information has ceased to be confidential; and
- one or more of the following conditions apply:
 - (1) it would be a breach of a law to disclose the information;
 - (2) the information concerns an incomplete proposal or negotiation;
 - (3) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - (4) the information is generated for the internal management purposes of Astro; or
 - (5) the information is a trade secret.

As soon as one of these three elements is no longer satisfied (e.g. the information is reported in the media and is therefore no longer confidential), Astro must immediately comply with its continuous disclosure obligations. The obligation to disclose the information arises even though two of the above three requirements remain satisfied.

3.4 Trading halts and suspension of quotation

The ASX requires companies to consider whether a trading halt or suspension of quotation of securities is appropriate where it is not possible to properly inform the market without disclosing highly sensitive or confidential information.

The ASX may impose a trading halt or a suspension in the interests of keeping the market informed.

3.5 False market

The ASX interprets Listing Rule 3.1 as requiring Astro to make a clarifying statement or announcement to the ASX in circumstances where Astro becomes aware that speculation or comment is affecting the price or volume of trading in Astro's securities (this is one reason why maintaining the confidentiality of

confidential information is so important for Astro). Astro is not required to respond to all media comment and speculation, however, when:

- media comment or speculation becomes reasonably specific; or
- the market moves in a way that appears to be referable to the comment or speculation,

Astro has a positive obligation to make such disclosure as is necessary in order to prevent a false market in Astro's securities and ensure investors are not trading on false or misleading information.

In addition to the positive disclosure obligation under Listing Rule 3.1, where the ASX considers that there is, or is likely to be, a false market in an entity's securities, it may ask the entity to give it information to correct or prevent the false market. The entity must then comply with ASX's request by giving it the information needed to correct or prevent the false market.

ASX considers that there is or is likely to be a false market in Astro's securities where:

- Astro has information it has not disclosed to the market because it falls within the exception from Listing Rule 3.1;
- there is reasonably specific rumour or media comment in relation to Astro that has not been confirmed or clarified by an announcement to the market by Astro; and
- 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 securities.

3.6 Release of information to others

Astro must not release material price sensitive information to any person (eg the media) until it has given the information to the ASX and has received an acknowledgment that the ASX has released the information to the market.

That is, selective disclosure of information cannot be made to brokers, analysts, the media, industry or professional bodies or any other person until the information has been given to (and receipt acknowledged by) the ASX.

3.7 Liability and enforcement – penalties for breach

(a) Astro

If Astro contravenes its continuous disclosure obligations, it may face:

- if the contravention is intentional or reckless - criminal liability with a monetary fine;
- civil liability for any loss or damage suffered by any person as a result of Astro' failure to disclose relevant information to the ASX; and
- de-listing from the ASX.

The ASIC can also institute proceedings under the ASIC Act 1989.

There is no fault element required to establish civil liability. However, a court has power to relieve a person from civil liability if the person acted honestly and in the circumstances the person ought fairly to be excused for the contravention.

(b) Others

Astro's officers (including its directors), employees or advisers who are involved in the contravention by Astro, may also face criminal (monetary fine and/or 5 years imprisonment) and civil liability as outlined above.

(c) Enforcement

The court also has power under the Corporations Act to order compliance with the Listing Rules on the application of the ASX, the ASIC or an aggrieved person (e.g. a Astro shareholder).

(d) Unwanted publicity

Contravention of its continuous disclosure obligations may also lead to unwanted publicity for Astro and may cause damage to its reputation in the market place which may adversely impact upon the market value of its securities.

4 Who to contact

If you are in any doubt regarding the operation of this policy, you should contact the Company Secretary.

Annexure A – Information Disclosure Requirements

Astro must disclose any information that a reasonable person would expect to have a material effect on the price or value of securities issued by Astro. Set out below is an illustrative list of matters that may give rise to an obligation to make disclosure to the market. Any such matter (or similar) must be notified to the Company Secretary, who will determine, in conjunction with the Managing Director or equivalent, members of the executive or the Chairman, as appropriate, whether disclosure is required.

You should use this list as a guide and should not take this as an exhaustive list of the issues that must be notified to the Company Secretary or to the Managing Director or equivalent.

- (a) change in the Company'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 Company's consolidated assets (normally an amount of 5% or more would be significant, but a smaller amount may be significant in a particular case);
- (d) a change of control of the Company;
- (e) a recommendation or declaration of a dividend or distribution;
- (f) a recommendation or decision that a dividend or distribution will not be declared;
- (g) under subscriptions or over subscriptions to an issue;
- (h) an agreement or option to acquire a substantial asset;
- (i) information about the beneficial ownership of shares obtained by the Company or under the Corporations Act;
- (j) giving or receiving a notice of intention to make a takeover;
- (k) an agreement between the Company (or a related party or subsidiary) and a Director (or a related party of the Director);
- (l) the Company executes any formal contract for a material business venture;
- (m) entry by the Company into a binding heads of agreement or memorandum of understanding;
- (n) the amount shown in the accounts of the Company needs to be adjusted to cover bad loans; and
- (o) the Company enters into a confidential settlement of a claim involving the payment of damages.

Note: These examples are not an exhaustive list. You should notify any matters which you think may be "price sensitive" or influence an investor's decision to buy or sell securities.