

AWN HOLDINGS LIMITED

Continuous Disclosure Policy

As a listed public entity AWN Holdings Limited (**AWN**) is required to comply with the continuous disclosure obligations contained in Listing Rules 3.1, 3.1A and 3.1B of the Australian Securities Exchange, and section 674(2) of the Corporations Act which also imposes statutory liability for its breach.

We are committed to complying with both the letter and spirit of these continuous disclosure obligations. This policy is designed to ensure there are procedures in place so that the market is properly informed of matters which may have a material impact on the price or value of AWN securities.

Obligation to Disclose

Under Listing Rule 3.1, AWN is required to tell the ASX immediately it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of AWN's securities.

This type of information is referred to by the ASX as 'market sensitive information'. Section 674(2) of the Corporations Act reinforces this obligation by imposing statutory liability for its breach.

This disclosure obligation is subject to the exceptions found in Listing Rule 3.1A. This rule comprises three separate limbs, which if satisfied, removes the need for disclosure.

The ASX regards this Listing Rule as central to the orderly conduct and integrity of the ASX market and it is implicit within its general thrust that as an ASX listed entity we establish procedures to prevent inadvertent leaks of confidential market sensitive information that may result in AWN being forced to disclose information at a time when it is NOT commercially advantageous to do so.

Under ASX Guidance 8 and ASIC pronouncements, the requirement for listed entities to provide immediate disclosure of price-sensitive information does not mean instantaneously, but rather it means 'promptly and without delay'. In other words, making disclosure as quickly as it can be done in the circumstances (acting promptly) and not deferring, postponing or putting it off to a later time (acting without delay).

Under ASX Listing Rule 19.12, we become aware of information, and as soon as, a Director or other officer of AWN has, or ought reasonably to have, come into possession of information in the course of the performance of their duties as a Director or other officer of AWN. An "Officer" is a person who is concerned in, or takes part in, the management of AWN, regardless of their designation, and includes directors, secretaries and certain senior managers as defined as 'officers' in the Corporations Act.

In other words, the disclosure obligation applies not only to market sensitive information of which our Directors or other officers are actually aware, but also market sensitive information of which they ought reasonably to have been aware. This Rule necessitates that a listed entity takes positive steps to establish and maintain an effective Internal Compliance Program.

We must not release this market sensitive information to any other person until we have given the information to the ASX and received an acknowledgment that the ASX has released the information to the market (Listing Rule 15.7). This Rule specifically prohibits an entity giving market sensitive information to the media even on an embargoed basis, prior to giving the information to the ASX.



Materiality

Guidelines For Materiality

Section 677 of the Corporations Act defines what is meant by a "material effect" on price or value of AWN securities as follows:

"A reasonable person would be taken to expect information to have a material effect on the price of value of securities of a disclosing entity 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 securities."

Guidance Note 8 to the ASX Listing Rule 3.1 suggests an effective "rule of thumb" by which to assess materiality would be to ask two questions:

- (1) Would this information influence my decision to buy or sell securities in the entity at their current market price?
- (2) 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?

The following guidelines are based on the commentary to ASX Listing Rule 3.1 and ASX Guidance Note 8. They are provided to assist our Directors and other officers in identifying information that may need to be disclosed. The thresholds for materiality may be qualitative and/or quantitative.

Qualitative Test

Circumstances that may require AWN to make disclosure include:

- a transaction that will lead to a significant change in the nature or scale of the entity's activities (see also Listing Rule 11.1 and ASX Guidance Note 12 Significant Changes to Activities);
- a material mineral or hydro-carbon discovery;
- a material acquisition or disposal;
- the granting or withdrawal of a material licence;
- the entry into, variation or termination of a material agreement;
- becoming a plaintiff or defendant in a material law suit;
- the fact that the entity's earnings will be materially different from market expectations;
- the appointment of a liquidator, administrator or receiver;
- the commission of an event of default under, or other event entitling a financier to terminate, a material financing facility;
- under subscriptions or over subscriptions to an issue of securities (a proposed issue of securities is separately notifiable to ASX under Listing Rule 3.10.3);
- giving or receiving a notice of intention to make a takeover; and
- any rating applied by a rating agency to an entity or its securities and any change to such a rating.



Quantitative Test

Neither the Listing Rules nor the Corporations Act define a quantitative threshold. However, the Australian Accounting Standard on materiality AASB 1031 formerly provided the following guidance:

- an amount equal to or greater than 10% of the relevant base amount would be material unless there is evidence or convincing argument to the contrary;
- an amount between 5% and 10% of the relevant base amount may be material unless there is evidence or convincing argument to the contrary;
- an amount less than 5% of the relevant base amount would not be material unless there is evidence or convincing argument to the contrary.

ASX Guidance Note 8 references this materiality test in two contexts:

1. Where entities publish earnings guidance for the current reporting period, ASX suggest entities treat:
 - a 10% and higher variation in expected earnings (compared to its published guidance) as material and presume its guidance needs updating; and
 - a 5% or lower variation in expected earnings (compared to its published guidance) as not being material and presume its guidance does not need updating, unless, in either case, there is evidence or convincing argument to the contrary.
2. When ASX is determining whether information is market sensitive and therefore whether to refer to ASIC a potential breach of Listing Rule 3.1 and section 674. Among other criteria, ASX will look to the materiality of the actual impact that information had on the price of the entity's securities when the information was finally announced to the market.

Guided by these pronouncements, AWN has adopted the following quantitative threshold when considering matters for possible disclosure to the market:

- (a) Matters which potentially may affect our profit (loss) before tax in any one year by more than 5%.
- (b) Matters which potentially may affect our assets or liabilities by more than 5%.
- (c) Matters involving any claim against us or a company controlled by us exceeding 5% of total assets or total liabilities.

Exceptions To Disclosure

Under Listing Rule 3.1A, disclosure is not required where each of the following three conditions is satisfied:

- (a) one or more of the following applies:
 - (i) it would be a breach of a law to disclose the information;
 - (ii) the information concerns an incomplete proposal or negotiation;
 - (iii) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - (iv) information is generated for AWN's internal management purposes; or



- (v) the information is a trade secret; and
- (b) the information is confidential, and the ASX has not formed the view that the information has ceased to be confidential; and
- (c) a reasonable person would not expect the information to be disclosed.

For example, any information which is not confidential does not qualify for the exceptions from disclosure. It is therefore essential that information which is to be withheld is and remains subject to strict confidentiality obligations and is not leaked. If the information has been leaked, even in breach of a duty of confidentiality, it is no longer confidential, and disclosure of the information to the ASX will be required.

Correcting A False Market

If the ASX considers that there is, or is likely to be a false market in AWN's securities and asks us to provide it with information to correct or prevent a false market, we must immediately give ASX that information. We are required to give the ASX this information regardless of whether the exceptions to disclosure apply.

ASX Guidance Note 8 explains that the term “false market” refers to a situation where there is material misinformation or materially incomplete information in the market which is compromising proper price discovery. This may arise, for example, where:

- a listed entity has made a false or misleading announcement;
- there is other false or misleading information, including a false rumour, circulating in the market; or
- a segment of the market is trading on the basis of market sensitive information that is not available to the market as a whole.

Continuous Disclosure Manager

AWN has appointed Cameron Fellow, Company Secretary as the manager who has responsibility for ensuring compliance with the continuous disclosure regulatory requirements and in particular:

- Educating directors and key staff
- Establishing broad guidelines to assist in determining materiality
- Overseeing and coordinating the continuous disclosure process
- Reporting and making recommendations to the Board (or its delegated committee) with respect to continuous disclosure
- Keeping records of all disclosures and all decisions not to disclose information
- Monitoring continuous disclosure compliance
- Maintaining this continuous disclosure program.

Continuous Disclosure Process

AWN has established the following processes and procedures to assist in ensuring compliance with our continuous disclosure obligations:

1. Maintaining Confidentiality Of Price Sensitive Information



2. Notification Of Rumours, Leaks And Inadvertent Disclosures
3. Briefings, Presentations And Other Disclosures
4. Earnings Surprises and Forecast Changes
5. The Disclosure Decision
6. The Notification Process

1. Maintaining Confidentiality Of Price Sensitive Information

Maintaining the confidentiality of price sensitive information is critical to avoid a situation where we are forced to disclose information to the market at a time that may be commercially inappropriate.

As an example, under the Listing Rules we would be required to disclose information to the market about an incomplete negotiation or proposal if the information has ceased to be confidential. Information will cease to be confidential if it has become known either selectively or generally, whether inadvertently or deliberately, in circumstances where AWN does not retain control of its use or disclosure.

To assist in the maintenance of the confidentiality of price sensitive information, we have developed the following procedures:

- Any undisclosed price sensitive information is to only be distributed on an "as needs basis" to our managers, staff and professional advisors.
- Under no circumstances is undisclosed price sensitive information to be shared with any individual who is not bound to maintain the confidentiality of this information.
- All managers and staff who may be exposed to price sensitive information must be trained in this policy and a record of this training maintained.
- Non-disclosure agreements must be used during any negotiations involving potentially price sensitive transactions.

2. Notification Of Rumours, Leaks And Inadvertent Disclosures

To ensure that the share market is properly informed, AWN requires all senior managers and directors to keep the CEO and the Conor Byrne, Chief Financial and Operating Officer, informed about any matters they consider may be material and that may require disclosure to the ASX.

3. Briefings, Presentations And Other Disclosures

To reduce the risk of breaching the continuous disclosure rules by inadvertently disclosing price sensitive information before notifying the ASX:

- Any briefings and or presentations prepared for analysts, brokers or institutional investors, must be approved by the Conor Byrne, Chief Financial and Operating Officer, or Chief Executive Officer before use.
- At the conclusion of any such meeting a review should be undertaken of the information provided to ensure that no price sensitive information was disclosed inadvertently.



In the event that market sensitive information may have been released at a briefing or presentation, for example in answer to an analyst's question, then the information should be given to the ASX immediately in the form suitable for release to the market.

To ensure that information is equally available to analysts, brokers or institutional investors, ASX Guidance Note 8 states that before a briefing or presentation, it is prudent practice for AWN to:

- give any new presentation or printed materials prepared for a briefing or presentation to ASX;
- publish that presentation or printed material on the ASX Market Announcements Platform; and
- publish that presentation or printed material on the AWN website after they have been given to ASX.

4. Earnings Surprises and Forecast Changes

If AWN becomes aware that its earnings for the current reporting period will differ (downwards or upwards) from market expectations, it needs to consider carefully whether it has a legal obligation to provide disclosure of that fact.

An obligation to make a disclosure may arise under Listing Rule 3.1 and section 674(2) of the Corporations Act.

If AWN has previously published guidance to the market, an obligation to make a disclosure may also arise under section 1041H of the Corporations Act.

Various factors should be considered by AWN in relation to whether an earnings surprise may trigger a disclosure obligation, such as:

- if it has previously published earnings guidance for that reporting period; and
- if the difference is material (refer to Materiality).

Other financial forecasts (such as forecast operational or capital expenditure) published by AWN can raise similar considerations to earnings guidance and if AWN becomes aware that its financial results will differ significantly (downwards or upwards) from any financial forecast it has published, it needs to consider carefully whether it has a legal obligation to provide disclosure of that fact.

5. The Disclosure Decision

The decision as to whether or not to disclose a matter to the ASX will be made by the Chief Executive Officer in consultation with the Cameron Fellows, Chief Financial Officer & Company Secretary and Benn Lim, Chief Operating Officer, taking into account:

- (a) Whether the matter would have a material effect on the price or value of AWN's securities.
- (b) Whether the matter being assessed falls within the exceptions to disclosure outlined in Listing Rule 3.1A.

Following this assessment:

- (i) If the matter is material and does NOT fall within the exceptions to disclosure, notice shall be given to all of the directors and then the ASX shall be notified immediately.



- (ii) If the matter is material and falls within the exceptions to disclosure, a record of the decision will be recorded however no disclosure will be made.
- (iii) In the event that the matter is considered to be not material and does not fall within the exceptions to disclosure, the Chief Executive Officer will assess whether or not disclosure should, in any case, be made to keep the market informed.

Cameron Fellows, Company Secretary, is responsible for completing the Assessment And Notification Form.

6. The Notification Process

If it is decided that a matter is to be disclosed, the Conor Byrne, Chief Financial and Operating Officer, is authorised and responsible for issuing the disclosure notice to the ASX.

In preparing a disclosure notice, the question arises about what form the information should take.

ASX Guidance Note 8 sets out the following guidance for disclosure notices:

- A disclosure notice must be in the form of a written announcement given to the ASX Market Announcements office for release to the market.
- The title header for an announcement (maximum 60 characters) should convey a fair and balanced impression of nature of the announcement.

In addition, both ASX Guidance Note 8 and ASIC pronouncements emphasise that announcement should be clear and complete with enough detail for investors or their professional advisers to understand its ramifications and to assess its likely impact on the price or value of the entity's securities.

On receipt of acknowledgement from the ASX that the information has been released to the market, the Conor Byrne, Chief Financial and Operating Officer, shall immediately publish the disclosure notice on the company website.

Reporting

Ongoing Assessment

Disclosure issues will be a standing item at all meetings of the Board of Directors, and where applicable in divisional monthly reporting. It is essential that all directors, other officers and staff are familiar with the continuous disclosure obligations.

Reporting Procedures

All potential matters for disclosure should be brought to the attention of Cameron Fellows, Group Finance Director & Company Secretary, set out in the Continuous Disclosure Process.



Consequences of Non-Compliance

The Corporations Act reinforces the continuous disclosure obligations arising under the Listing Rules by imposing civil and criminal penalties for non-compliance:

Civil Liability

Under section 674 of the Corporations Act both AWN and individuals 'involved' in the contravention (directors or officers who take part in the decision making process with respect to continuous disclosures) may be held civilly liable.

In civil cases the contravention only needs to be proved on the "balance of probabilities".

A finding by the court of a civil penalty contravention may lead to a penalty order of up to \$200,000 for an individual and \$1,000,000 for a body corporate for each contravention.

ASIC Infringement Notices

An alternative strategy open to ASIC is to issue a Continuous Disclosure Infringement Notice which requires a lesser degree of proof than civil liability.

Infringement Notices only require proof where ASIC has "reasonable grounds to believe" a contravention has taken place and only apply to ASX listed entities not to individuals involved.

ASIC Infringement Notices carry fines of up to \$100,000.

Criminal Liability

A breach of the continuous disclosure provisions also constitutes a criminal offence where it can be proved that the ASX listed entity expressly, tacitly or impliedly authorised or permitted the commission of the offence. This may be established by referencing the "corporate culture" of the entity.

Directors, officers and even professional advisors may be criminally liable if they aid or abet, or are in any way knowingly concerned in a contravention.

