

Disclosure Policy

Corporate Policy

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Purpose and Scope

Salmat recognises that timely, accurate and consistent disclosure of public information regarding its operations and financial position will have a beneficial impact on the Company's public profile and credibility. As well, the Company recognises its obligations under the Corporations Act and Australian Securities Exchange (ASX) Listing Rules which provide a legal framework for disseminating information to investors and the financial marketplace.

The purpose of this policy is to provide general guidelines to Salmat management in disclosing Company-related information to external parties.

This policy is an integral part of the Company's Investor Relations program.

Disclosure Objectives

Salmat's objectives in its disclosure practices are as follows:

- To ensure compliance with the ASX Listing Rules and in general, with the letter and the spirit of securities laws in Australia where the Company's securities are traded;
- To ensure that material public information is distributed based on the principle of continuous disclosure, the timely advising of information to keep the market informed of events and developments as they occur;
- To maintain a credible and consistent image with outside audiences;
- To ensure competitive information is not released unless required;
- To provide accurate information concerning the Company's securities to the domestic capital market.
- To ensure officers and employees are aware of Salmat's continuous disclosure obligations.

Materiality Thresholds and Guidelines

In considering whether information is sufficiently material to require disclosure, it is important to bear in mind the test the ASX will apply when analysing the company's actions after the disclosure might have otherwise been made.

In particular, if information is announced later than when the ASX thinks it should have been; and the trading in the lead up to, and shortly after, the announcement suggests that it has moved the market price of the company's securities (relative to other securities in the same sector) by:

- 10% or more, ASX will generally regard that as confirmation that the information was market sensitive;
- 5% or less, ASX will generally regard that as confirmation that the information was not market sensitive.

With this in mind, the following thresholds are provided as a guide in considering whether particular information should be disclosed.

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Thresholds

The thresholds are:

- a) qualitative; and
- b) quantitative.

Qualitative test

By way of example, qualitative matters may include, but are not limited to, matters:

- a) That might affect Salmat's ability to carry on business;
- b) That might have a material effect on future activity;
- c) That might have a material effect on income, cash flow or the ability to generate profits (including where there would be a long term effect even if the effect in any one year is not material);
- d) Involving any proposed change in regulation or law that could affect Salmat's business;
- e) Involving a significant allegation of any breach of the law, whether civil or criminal, by Salmat or any of its employees, contractors or associated parties;
- f) Involving a change in Salmat's financial forecasts or expectations;
- g) Involving the appointment of a receiver, manager, liquidator or administrator to Salmat or an event which could result in Salmat or an affiliate entity becoming insolvent;
- h) Involving a declaration of a dividend or a decision that a dividend will not be declared;
- i) Involving an agreement between Salmat (or a related party or affiliate entity) and a director (or a related party to a director);
- j) Involving a change in executive personnel and/ or structure;
- k) That may have an adverse effect on Salmat's reputation; or
- l) That is in some other way onerous, unusual or so outside the ordinary course of business that it ought to be considered.

Quantitative test

In the revised Guidance Note 8, ASX has emphasised that companies ask two questions set out below in determining whether particular information should be disclosed;

- (i) Would this information influence my decision to buy or sell securities at their current market value?
- (ii) 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 answer to the above two questions is critical. However, it may also assist to consider whether the matter:

- a) May potentially affect the Salmat's group profit (loss) before tax in any one year by more than 5%;
- b) May potentially affect the assets or liabilities of the Salmat group by more than 5%; and

involves any claim against Salmat or a company controlled by Salmat that would have a material impact on the group's profit (loss) before tax in any one year by more than 5% or which potentially may affect the assets or liabilities of the Salmat group by more than 5%.

In each of the above situations, disclosure should be carefully considered.

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Examples

Specific examples of matters that may need to be disclosed under Listing Rule 3.1 include:

- a) Material change in Salmat's financial results from market expectations or the previous corresponding period (generally, a variation in excess of 10% to 15% may be considered material or in certain circumstances a smaller variation may be disclosable);
- b) An expectation that earnings will differ materially from published earnings guidance, and, in that regard, ASX suggests that entities:
 - (i) Treat an expected variation in earnings compared to published earnings guidance equal to or greater than 10% as material and presume that its guidance needs updating; and
 - (ii) Treat an expected variation in earnings compared to its published earnings guidance equal to or less than 5% as not being material and presume that its guidance, therefore, does not need updating;

ASX further suggests that very large listed entities or those that normally have very stable or predictable earnings may consider that a materiality threshold that is closer to 5% than to 10% is appropriate.

- c) Any declaration in relation to a dividend;
- d) A transaction for which the consideration payable or receivable is a significant proportion of the written down value of Salmat's consolidated assets (usually an amount of 5% or more would be significant, but a smaller amount may be significant in a particular case);
- e) Giving or receiving a notice of intention to make a takeover;
- f) Any agreement between Salmat (or a related party or subsidiary) and a director; where a company has in place or enters into new material financing arrangements or alters existing material financing arrangements which include terms that may be activated upon the occurrence of certain events (particularly those beyond the control of the entity, such as market events.), disclosure may be required under Listing Rule 3.1 at the time that any such term is activated or becomes likely to be activated (see ASX Companies Update 02/08); and
- g) Where a director has entered into a margin loan or similar funding arrangements for a material number of securities, Listing Rule 3.1 may operate to require disclosure by the company of the key terms of the arrangements, including the number of securities involved, the trigger points, the right of the lender to sell unilaterally and any other material details (see ASX Companies Update 02/08).

Disclosure Practices

The following sections address disclosure requirements and the types of disclosure.

Timing of announcements

Timely disclosure of relevant information is regarded by The Australian Stock Exchange (ASX) as of prime importance in the operation of an efficient market. The principle underlying continuous disclosure is that timely disclosure must be made of information which may affect security values or influence investment decisions, and information in which security holders, investors and ASX have a legitimate interest.

Subject to certain specific and limited exceptions, listed companies are required to disclose promptly and without delay to the ASX any information that a reasonable person would expect to have a material effect on the price or value of their securities.

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When disclosure is not required

Confidentiality is justified where discussions or negotiations with respect to a potential material development or transaction are at a preliminary stage, or where premature release would be unduly detrimental to the interests of the Company.

Accordingly, no disclosure need be made if confidentiality can be maintained and the conditions required by Listing Rule 3.1A are otherwise satisfied.

Examples of situations where disclosure may not be required include the following, subject always to the proviso that the information is confidential (and the ASX has not formed the view that the information has ceased to be confidential) and that a reasonable person would not expect the information to be disclosed:

- Where disclosure of information concerning the status of ongoing negotiations would prejudice the successful completion of those negotiations
- Where it would be a breach of a law to disclose the information
- Where the information comprises matters of supposition or is insufficiently definite to warrant disclosure
- Where the information is generated for the entity's internal managements' purposes
- Where the information is a trade secret

Insider information

Insider information is anything that is or could become material information but which has not yet been disclosed. It is of extreme importance to note that any selective disclosure of material, non-public information could result in a breach of the Corporations Act and the ASX Listing Rules, as well as adverse publicity and loss of credibility within the investment community). Salmat's Securities Trading Policy has further information.

Selective disclosure

Material information must not, under any circumstance, be disclosed in one-on-one discussions or meetings with outsiders or in group meetings, unless an appropriate public disclosure is made simultaneously.

There is a very limited exception to the above restriction under Listing Rule 3.1A, where for example, material information which is not public may be provided by the Company prior to general publication to its bankers, lawyers and other persons having a necessary and confidential business association as long as all the conditions outlined in Listing Rule 3.1A are satisfied

Maintaining confidentiality

A leak of undisclosed material information could require general disclosure of the information at an inopportune time and thereby jeopardise a Company strategy or destroy an important opportunity as well as possibly constitute a breach of the ASX Listing Rules and Corporations Act.

All officers and employees must make every effort to maintain the confidentiality of Salmat's internal information, including the secure handling and storing of sensitive documents. Access to information regarding sensitive projects should be restricted to individuals whose role provides them with a "need to know."

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Types of Disclosure:

Formal Releases of Material Information

Formal release of information includes annual and half-yearly reports and media releases. The disclosure rules will be regularly monitored by Salmat's Company Secretary and Chief Financial Officer and proposed disclosures will normally be handled with their involvement.

Other examples of possible formal releases of material information include announcements concerning significant contracts or major projects which will have a material effect on the price or value of Salmat's securities, joint ventures or changes in joint ventures, key management or Board changes, and acquisitions. (see Appendix 1).

For media issues, the Company's Media Escalation and Communications Plan should be followed in conjunction with this policy.

Informal Disclosure

Informal releases of information, excluding material information, include replies to enquires by telephone, fax, letter, email or in person from securities analysts, shareholders, the media or members of the public.

Examples of informal disclosure include commentary on industry developments, marketing articles, commentary on the impact of government actions and the development of new products and services. These communications, while more informal, still can have significant impact on the Company and its position in the marketplace. As such, they must be handled in accordance with the Company's Media Escalation and Communications Plan.

Guidelines

The following are some basic guidelines that are to be respected in making informal disclosures:

- The individuals who may speak on behalf of Salmat are those indicated Designated Spokespersons in Section 6 below. The objective of this guideline is to avoid leaks of sensitive material, and to avoid emitting conflicting or contradictory statements.
- Designated Spokespersons must take care to avoid enmeshing the Company's view in analyst reports. The recommended approach is to review the facts and provide only general direction about underlying assumptions, without promoting a particular result. Commentary may be appropriate when all analysts are outside any guidance range or if there are some notable errors. Comfort or discomfort should not be expressed over a particular earnings estimate, nor should a prediction or speculation of any kind (e.g., financial, operational, etc.) be made.
- Disclosure binders in electronic or hard-copy form are to be maintained for the following material:
 - *Externally generated reports:* Analyst reports, press accounts, etc. will be filed in order to provide a current and comprehensive account of external perceptions of the Company.

If, as part of a communication with an outsider, a Salmat spokesperson believes that some material, non-public information has been released, the spokesperson must notify Salmat's Company Secretary and Chief Financial Officer immediately.

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Speeches and Public Presentations

All speeches and public presentations that contain references to financial or operating performances should first be cleared with the Chief Financial Officer. Those referring to corporate policies should be reviewed by the Company Secretary.

It is critical that presenters guard against unintended disclosure of material information.

Responses to Public Comment (Rumours)

A company is not normally obliged to correct or comment on every inaccurate statement made by a third party or to respond to every rumour in the marketplace. It is usually sufficient to state that it is Salmat's policy not to comment on rumours and consistently deliver approved key messages. . However, there may be occasions where the Company must act to prevent a false market. The relevant spokes-person will be those specified in the Media Escalation and Communications Plan.

Responsibilities - Designated Spokespersons

Only the Chairman of Salmat Limited, Chief Executive Officer and Chief Financial Officer are authorised to provide comment on behalf of the Salmat Group on market sensitive information. All other matters will be delegated to Designated Spokespersons as per the Media Escalation and Communications Plan.

Enquiries are to be referred as set out below:

- **Contacts with analysts and professional investors:** Securities analysts, professional investors and other members of the investment community wishing to discuss financial, operating and industry matters are to be referred to the Chief Financial Officer or their delegate, citing this policy if necessary.
- **Contacts with individual investors:** Routine requests for corporate reports or share or dividend information should be referred to the Company Secretary or the Company's share registry, Link Market Services.
- **Contacts with news media:** All enquiries from news media related to corporate issues, financial matters and policies are to be referred to the Corporate Communications Manager.

Making and Disseminating Announcements

All material information must be immediately disclosed to the ASX.

Following confirmation by the ASX of lodgement the information will be:

- As soon as possible placed on the Salmat Website; and
- Broadcast to the company's investor relations database by the Manager Investor Relations.

The Salmat Website is the key information dissemination point to the broader market. All ASX announcements, media releases, presentations to analysts, brokers and fund managers must be placed on the site as soon as possible by the Investor Relations Manager. The Investor Relations Manager is responsible for the content of the site.

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