

Securities Trading Policy and Guidelines for Employees and Dedicated Contractors

This policy applies to all employees and dedicated contractors of Echelon Resources Limited and its subsidiaries who intend to trade in listed securities. In this policy 'trade' includes buying or selling listed securities, or agreeing to do so, or advising or encouraging any other person to trade or hold listed securities.

Introduction and Purpose

This document details the policy of Echelon Resources Limited (**Echelon** or the **Company**) on dealing in the following securities (**Restricted Securities**):

- ordinary shares of Echelon, any other listed securities of Echelon or its subsidiaries and any listed derivatives (including futures contracts listed on an authorised futures exchange) in respect of those securities, from time to time (**Echelon Securities**); and
- shares and other listed securities in any other listed company in respect of which Material Information has been received by Echelon.

The requirements imposed by this policy are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand and any other country where those securities may be listed.

You may only trade in Restricted Securities after completing a Request for Consent to Trade form as attached to this policy and receiving consent from the Company. A completed Request for Consent to Trade form is to be submitted to both the Chief Executive Officer and the Chair of the Audit Committee.

If you do not understand any part of this policy, or how it applies to you, you should raise the matter with the General Counsel or Chair of the Audit Committee before dealing with any securities covered by this policy.

Fundamental Rule = Insider trading is prohibited at all times.

Insider Trading Laws

If you have any **Material Information**, it may be illegal for you to:

- trade listed securities;
- advise or encourage any other person to trade or hold listed securities;
- advise or encourage a person to advise or encourage another person to trade or hold listed securities;
- disclose or pass on **Material Information** to anyone else – including colleagues, family or friends – knowing (or where you ought to have known)

that the other person will use that information to trade, continue to hold, or advise or encourage someone else to trade, or hold, listed securities.

This offence, called “insider trading”, can subject you to criminal liability including large fines and /or imprisonment (penalties for insider trading include a fine of up to \$500,000 or a term of imprisonment of up to 5 years or both), and civil liability, which may include being sued by another party or Echelon, for any loss suffered as a result of illegal trading.

Confidential Information

In addition to the above, you also have a duty of confidentiality to Echelon. You must not reveal any confidential information concerning Echelon to a third party (unless that third party has signed a confidentiality agreement with Echelon and you have been authorised to disclose the confidential information), or use confidential information in any way which may injure or cause loss to Echelon, or use confidential information to gain an advantage for yourself. You should ensure that external advisers keep Echelon information confidential.

What is “Material Information”?

“**Material Information**” is information that relates to a particular listed issuer (e.g. Echelon) that:

- is not generally available to the market; and
- a reasonable person would expect, if it were generally available to the market, would have a material effect on the price of listed securities.

Information is generally available to the market if it has been released as an ASX announcement or investors that commonly invest in listed securities can readily obtain the information (whether by observation, use of expertise, purchase or other means) and a reasonable period for its dissemination has expired.

Information includes rumours, matters of supposition, intentions of a person (including Echelon), and information, which is insufficiently definite to warrant disclosure to the public.

It does not matter how you come to know the Material Information (including whether you learn it in the course of carrying out your responsibilities, or in passing in the corridor, or in a lift, or at a social function).

What are some examples of Material Information?

The following list is illustrative only. Material Information could include information concerning:

- the financial performance of Echelon;
- a possible change in the strategic direction of Echelon;
- results from a drilling programme or reserves re-assessment;
- a possible acquisition or sale of any assets or company by Echelon;
- entry into or the likely entry into or termination or likely termination of material contracts or other business arrangements which are not publicly known;
- a possible change in Echelons capital structure;

- a change in the historical pattern of dividends;
- senior management changes;
- a material legal claim by or against Echelon; or
- any other unexpected liability;

which has not been released to the market.

Please also note that a Broker's Report in respect of Echelon may constitute Material Information in the days following its selective release to the broker's clients. That position will change once the report has been more generally released.

This policy does not apply to:

- acquisitions and disposals of securities by gift or inheritance;
- acquisitions through an issue of new listed securities such as an issue of new shares on the exercise of options, acquisition under a rights issue, or a dividend reinvestment plan.

Closed Periods for trading in Echelon securities

Echelon has determined that the following periods are Closed Periods during which you are not permitted to trade in Echelon Securities:

- from the first trading day on which draft full year accounts are provided to the Audit Committee for consideration (as advised by the Company Secretary) following the end of each financial year until the opening of trading on the third trading day after the trading day on which the Company's audited full year accounts have been disclosed to the market via the NZX announcement platform; and
- from the first trading day on which the draft half year accounts are provided to the Audit Committee for consideration (as advised by the Company Secretary) following the end of each half year until the opening of trading on the third trading day after the trading day on which the Company's audited or reviewed half year accounts have been disclosed to the market via the NZX announcement platform.

You may not trade Echelon Securities during a Closed Period unless there are special circumstances and you have first obtained prior clearance from the Chair of the Audit Committee authorising you to trade (see below).

The restrictions surrounding Closed Periods only apply to the trading of Echelon Securities. Trading of other Restricted Securities is not affected by the Closed Periods.

You are free to trade Echelon Securities outside of the Closed Periods subject to all relevant insider trading laws and the requirement that you first obtain consent from the Company following provision of a completed Request for Consent to Trade form.

Trading not subject to the Closed Periods

The Closed Period restrictions do not apply to every trade involving Echelon Securities. The following types of trades in Echelon Securities are not subject to the Closed Period restrictions:

- where the trading results in no change in beneficial interest in the Echelon Securities;
- where trading occurs via investments in a scheme or other arrangement where the investment decisions are exercised at the discretion of a third party (including Kiwisaver schemes and other similar superannuation funds), provided that the fund or scheme does not invest exclusively in Echelon Securities;
- where the trading occurs under an offer to all or most of the Echelon Security holders such as a takeover offer, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back;
- where you have no control or influence with respect to trading decisions such as a disposal of Echelon Securities that results from a secured lender exercising their rights, for example, under a margin lending arrangement;
- the exercise (but not the sale of Echelon Securities following exercise) of an option or a 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 (being a Closed Period or any additional periods when you are prohibited from trading, which are imposed by Echelon from time to time) and Echelon has been in an exceptionally long Prohibited Period or Echelon has had a number of consecutive Prohibited Periods and you could not reasonably have been expected to exercise it at a time when free to do so.

If you are in any doubt as to whether a proposed trade in Echelon Securities is subject to the Closed Period restrictions set out in this policy, you should contact the General Counsel or Chair of the Audit Committee for clarification before trading.

Prior clearance to trade in 'exceptional circumstances'

There may be exceptional circumstances that justify the Chair of the Audit Committee granting you, if you are not in possession of Material Information, prior written clearance to trade Echelon Securities during a Prohibited Period.

If you consider that, due to exceptional circumstances, you should be granted such clearance you must provide a written request for prior clearance to the Chair of the Audit Committee. The written request should contain an explanation of the exceptional circumstances and the reasons why clearance should be granted.

The Chair of the Audit Committee will determine on each occasion whether the circumstances justify clearance. Circumstances that might justify clearance include where financial hardship is involved or there is a pressing financial commitment that cannot be satisfied otherwise than by selling the Echelon Securities.

Clearance can be given or refused by the Chair of the Audit Committee in the Chair's absolute discretion, without giving reasons, and it is final and binding on you. Any clearance given may be withdrawn if new information comes to light or if there is a change in circumstances. If clearance is refused, you must keep that information confidential.

Any clearance will be granted in writing, will specify the period during which trading may occur and will be subject to the requirement that you comply with relevant insider trading laws.

Short Term Trading Discouraged

You should not engage in short term trading (the buying or selling of Restricted Securities within a 3 month period), unless there are exceptional circumstances discussed with and approved by the Chair of the Audit Committee.

Short term trading can be a key indicator of insider trading, particularly if undertaken on a regular basis or in large amounts. Therefore, to reduce the risk of an allegation of insider trading, it is recommended that even where you comply with the procedures set out in this policy that you **do not** trade Restricted Securities on a short-term basis.

If in doubt, don't

The rules contained in this policy do not replace your legal obligation. The boundary between what is and is not in breach of the law is not always clear. Sometimes behaviour that you consider to be ethical actually may be insider trading. If in doubt, don't!

If the circumstances change from that which existed when an approval was given, you must not trade. This includes cancelling any outstanding sell or buy order you may have placed with a broker.

Breaches of Policy

Strict compliance with this policy is a condition of your employment or consultancy (as applicable). Breaches of this policy will be subject to disciplinary action, which may include termination of your employment or consultancy (as applicable).

You will also be subject to disciplinary action if you engage in insider trading in respect of any other listed securities. If you have material information in relation to listed securities of another issuer (including futures contracts listed on an authorised futures exchange over listed securities), then you must not trade in those securities.

Monitoring of Trading

Echelon monitors the trading of employees and contractors as part of the administration of this policy. The Board of Echelon has approved this policy. The Board may approve updates and amendments to this policy from time to time, which may be implemented by written notice to you.

Employees and dedicated contractors must not trade in instruments or other financial products which operate to limit the economic risk of any securities held under any equity based incentive schemes provided by the Company while those holdings are subject to performance hurdles or are otherwise unvested. Any sale or other trade involving those securities after they have vested and performance hurdles have been met must be done in compliance with this policy.

To the extent of any inconsistency with any previous policy or rules relating to this subject matter, this policy prevails over them.

Review

This policy is to be reviewed on a regular basis.

Echelon Resources Limited

Request for Consent to Trade in Restricted Securities

To: Chair of the Audit Committee, Echelon Resources Limited
(Echelon)
CEO, Echelon Resources Limited
(send to both)

In accordance with Echelons Securities Trading Policy and Guidelines for employees and dedicated contractors, I request Echelons consent be given to the following proposed transaction to be undertaken either by me or persons associated with me, within 10 days of approval being given. I acknowledge Echelon is not advising or encouraging me to trade or hold securities and does not provide any securities recommendation.

Name of Security:	
Name:	
Name of registered holder (if different):	
Address:	
Position:	
Description and number of Securities:	
Type of proposed transaction: i.e. Purchase / Sale / Other (specify)	
To be transacted: i.e. on NZX / Off-market trade / Other (specify)	
Likely date of transaction (on or about):	

I declare that I do not hold information which:

- is not generally available to the market; and
- a reasonable person would expect, would have a material effect on the price of the Restricted Securities.

I am aware that it is a criminal offence to knowingly breach insider trading laws. If convicted of insider trading I acknowledge that I am liable to a term of imprisonment of up to 5 years or a fine not exceeding \$500,000 or both and that civil liability may also apply.

I know of no reason to prohibit me from trading in Restricted Securities and certify that the details given above are complete, true and correct.

I acknowledge that if circumstances change between the date on which I receive consent and the date on which I complete the requested trade (such that the above declaration would no longer be true) then any consent provided to me will no longer apply and I must seek a new authorisation.

Signature

Date

Echelon hereby **consents/does not consent** to the proposed transaction described above. Any consent is conditional on the proposed transaction being completed within 10 trading days of the date of this consent, and in compliance with Echelons Securities Trading Policy and Guidelines for employees and dedicated contractors.

Name (on behalf of Echelon)

Date