

CONTINUOUS DISCLOSURE POLICY

KEY MESSAGES

- Information which may affect the price or value of Capral's shares or influence decisions taken by investors to buy or sell Capral's shares must be disclosed publicly in a timely manner (promptly and without delay).
- Directors and employees must be aware of their responsibilities for the disclosure to the market of certain information concerning Capral.
- Employees must ensure that only public information is provided when answering questions asked by third parties.
- Employees must immediately disclose full details of any Material Information that comes to their attention to the Company Secretary.
- There are serious consequences of breaching this Policy, both at law and under Capral's Code of Conduct.

1. INTRODUCTION

1.1 Compliance with ASX Listing Rules

Capral Limited (**Capral**) is listed on the Australian Securities Exchange (**ASX**) and must comply with the *Corporations Act 2001* (**Corporations Act**) and the ASX Listing Rules (**Listing Rules**).

1.2 Continuous Disclosure of Material Information

One of the most significant obligations imposed by the Corporations Act and the Listing Rules is the continuous disclosure to the market via the ASX of *material information*. This is a mandatory obligation.

1.3 Purpose

The purpose of this Policy is to:

- provide guidance to all Directors, employees and contractors of Capral (**Employees**) regarding what may be considered as *material information*;
- implement a procedure for the central collection, assessment and if required, release to the ASX, of *material information*; and
- ensure that all Employees are aware of the continuous disclosure obligations of Capral.

2. THE LAW

2.1 Compliance with the Law by Capral

Section 674 of the Corporations Act requires that Capral comply with the provisions of the Listing Rules relating to the continuous disclosure to the ASX of *material information* relating to Capral. The Corporations Act provides that if Capral has information that is:

- not generally available; and
- information that a reasonable person would expect, if it were generally available, to have a *material effect* on the price or value of Capral shares,

(in this Policy, such information will be referred to as **Material Information**), Capral must notify the ASX of that information in accordance with the Listing Rules.

2.2 Material Effect of Information on Capral Shares

Section 677 of the Corporations Act states that:

“A reasonable person would be taken to expect information to have a material effect on the price or value of securities (Capral Shares) if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to acquire or dispose of, the securities.”

2.3 Breach – Offences, Infringement Notices and Liabilities

A breach of section 674 of the Corporations Act is both a criminal offence (penalty: imprisonment and/or fine) and civil offence (penalty: fine).

Furthermore, under section 1317DAC of the Corporations Act, the Australian Securities & Investments Commission may issue an Infringement Notice for an alleged contravention of the Corporations Act.

A person who is involved in any contravention by Capral of its continuous disclosure obligations also commits a civil offence. However, a person will not be liable if the person can prove that they:

- i. took all steps (if any) that were reasonable in the circumstances to ensure that Capral complied with its continuous disclosure obligations; and
- ii. after doing so, believed on reasonable grounds that Capral was complying with its obligations.

A third party who incurs a loss as a result of a breach of Capral’s continuous disclosure obligations may commence action against Capral or any Employee who was involved in the breach.

3. THE LISTING RULES

3.1 ASX Policy

The ASX’s Policy is that:

“Timely disclosure must be made of information which may affect security (share) values or influence investment decisions, and information in which security (share) holders, investors and ASX have a legitimate interest.”

3.2 Continuous Disclosure Obligation to Release Material Information

To support this Policy, Listing Rule 3.1 contains a continuous disclosure obligation in respect of Material Information referred to in Sections 2.1 and 2.2 of this Policy.

3.3 Possession of Material Information

Listing Rule 19.12 provides:

*“An entity becomes **aware** of information **if a director or executive officer has, or ought reasonably to have**, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity.”*

An **Executive Officer** is any manager of Capral who is concerned, or takes part, in the management of Capral.

3.4 Restricted Exemptions

Listing Rule 3.1A contains a restricted exemption for any of the following reasons:

- i. a “reasonable person” would not expect the information to be disclosed;
- ii. the information is confidential (and ASX has not formed the view that the information has ceased to be confidential);

- iii. it would be a breach of law to disclose the information;
- iv. the information concerns an incomplete proposal or negotiation;
- v. the information is insufficiently definite to warrant disclosure;
- vi. the information is generated for Capral's internal management purposes only; or
- vii. the information is a trade secret.

Decisions on whether any of these exemptions may apply to Material Information will be made by the Company Secretary.

3.5 False Market

Listing Rule 3.1B provides that where:

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

There is likely to be a **false market** in Capral Shares in a number of circumstances including:

- i. where Capral has Material Information that has not been released to the market because it falls under the exemption in Listing Rule 3.1A; and
- ii. there is reasonably specific rumour or media comment in relation to Capral that has not been confirmed or clarified by an announcement to the market (via the ASX); and
- iii. 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 Capral Shares.

3.6 Trading Halts

In the interests of maintaining a fully informed, fair and transparent market, or where confidentiality of price sensitive information is lost and Capral is unable to make immediate disclosure, it may be necessary for Capral to request a trading halt from the ASX. The Managing Director (or, if not available, Chief Financial Officer or Company Secretary), in consultation with the Chairman (or, if not available, a non-executive Director), will make all decisions relating to a trading halt.

4. TYPES OF INFORMATION THAT MAY REQUIRE DISCLOSURE

4.1 Types of Information

For guidance in determining if information is Material Information, the following types of information may be material and therefore, following an assessment by the Managing Director and the Company Secretary, may be required to be disclosed to ASX:

- material changes in Capral's financial forecasts or expectations;
- a declaration of a dividend or a decision that a dividend not be declared;
- the making of a share, option or debt issue and the under or over subscription of that issue;
- external events in the financial markets or the manufacturing industry, which affect Capral's business etc;
- acquisitions, disposals, joint ventures or other material dealings;
- material information affecting a significant customer or supplier;
- entry into or termination of a major contract;
- regulatory decisions or industrial actions that may affect Capral's operations;
- the occurrence of an environmentally related incident;
- the threat, commencement or settlement of any material litigation or claim;
- an agreement between Capral (or a related party or subsidiary) and a Director (or related party of the Director);

- a change in accounting policy adopted by Capral;
- a proposal to change Capral's auditors; and
- the health or capacity of any Director.

The above list of examples is not exhaustive. Employees should refer to section 5 below regarding the procedure for collation of this information by Capral.

4.2 Providing Public Information

Employees must ensure that only public information is provided when answering questions asked by third parties (i.e. customers or suppliers).

4.3 Providing Information to the Media and Analysts

Only the Managing Director or Chief Financial Officer will correspond with the media and analysts.

Material Information that has not been disclosed to ASX must not be revealed in meetings with investors, analysts or other third parties unless the information is confidential (evidenced by a confidentiality agreement) or other restricted exemption applies (see section 3.4 above). Responses to questions at such meetings will be reviewed to verify that no Material Information has been disclosed and if it has, Capral will disclose it. The Company Secretary should be briefed about such meetings (if not directly involved).

Refer also to the Capral Code of Conduct.

4.4 Social Media

Social media will not be monitored on a regular basis for comments or rumours. However, social media will be monitored in two specific scenarios:

- when a market sensitive announcement is pending; and
- when Capral is close to finalising a market sensitive transaction.

Monitoring of social media will be limited to investor blogs, chat-sites and other social media that Capral is aware of that regularly include postings about Capral.

5. COMPANY POLICY

5.1 Overview

The Managing Director and the Company Secretary are 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 Corporations Act and the Listing Rules.

The Company Secretary should be the first point of contact for Employees to make *immediate* disclosure of any Material Information that comes to their attention. **Immediately** should be taken to mean promptly and without delay after becoming aware of the information.

5.2 Responsibilities

Employees

Employees of Capral and its subsidiaries must immediately disclose full details of any Material Information that comes to their attention to the Company Secretary. If an Employee is unsure whether specific information would be Material Information, the Employee must immediately disclose full details of the information to the Company Secretary.

Managing Director

If the Managing Director is aware of Material Information, the Managing Director has a specific responsibility to immediately make full disclosure to the Company Secretary. This includes Material Information which is technical in nature or which relates to a particular field of competence.

Directors and Executive Officers

The Listing Rules require disclosure of Material Information that has, or ought reasonably to have, come into the possession of a Director or Executive Officer. As such, all Directors and Executive Officers must keep up to date with all matters within their operations that may become material.

Company Secretary

The Company Secretary is responsible for:

- i. reviewing all information forwarded pursuant to this Policy and, where necessary, for making a recommendation to the Chairman or Managing Director on whether it is Material Information that must be disclosed to the ASX and/or falls within the exemption referred to in Section 3.4;
- ii. following approval of disclosure by the Chairman and/or Managing Director, releasing the information to the ASX;
- iii. providing a copy to all Directors of all information released to the ASX; and
- iv. maintaining a record of all Material Information disclosed to the ASX.

Having regard to the immediacy of Capral's continuous disclosure obligations under the Listing Rules and the Corporations Act, Capral acknowledges that time is of essence with respect to consideration and subsequent disclosure of any Material Information.

5.3 Compliance with Policy

The Board may require Capral's external auditors to audit and report on compliance with this Policy. Breach of this Policy will be treated seriously. Refer to the Capral Code of Conduct.

6. QUESTIONS

Questions relating to the interpretation or enforcement of this Policy should be directed to the Company Secretary.