



MEMO

To: Board of Directors
From: Company Secretary
Subject: **ASX PRICE QUERY**

For stock exchange listed companies the ASX surveillance department continually monitors, predominantly electronically but with some manual input, movements in the price and volume of shares traded for each company.

The ASX is primarily watching to see that such movements are reasonably explainable based on such parameters as general share price/volume changes, the relevant index group, the industry, companies announcements/historic performance, interest rates, exchange rates, industry/commodity prices/terms of trade, etc, and various other factors impacting on the market at this time.

If something is outside the relevant parameters for a company then a flag is raised in the ASX, the matter is considered by the surveillance team, and if considered out of the ordinary/unexplainable they will query the price/volume movement with the company. Usual first contact by the ASX is by phone to the Company Secretary to discuss the matter and advise what to expect, followed by an email letter asking for a written response explaining why the company thinks the movement(s) has happened and asking them to confirm that the company is in compliance with the 'continuous disclosure' provisions of the listing rules – required before opening of the market (at 10:00am) the next business day.

The ASX's letter and the company's response are then released to the market so shareholders/investors are informed of the details of the response.

If the company responds that they are aware of relevant information that has not been announced to the market which could explain the movement(s), they must endeavour to announce such information 'immediately' or ask for a trading halt (the request for which must be in writing).

The purpose of a trading halt is to temporarily stop trading in a company's shares whilst the company 'gathers its thoughts' and puts together a stock exchange release on a matter. Once the information is released to the market the trading halt is lifted and share trading resumes, based on the knowledge of the information now known to investors/shareholders.

DISCLAIMER

The comments in this memo reflect some commercial aspects and observations on the matter experienced or observed by the writer in practice as he understands them. The information is given as a guide only and does not represent a definitive or legal view of any of the issues raised, covered or referred to and the reader is urged to seek his own professional advice on all aspects of, or pertaining to, this and any related matter.
