

# Stanmore Coal Limited – Securities Trading Policy

Adopted as at 30 June 2015

## 1. Purpose of this Policy

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1.1 This securities trading policy (**Policy**) is intended to minimise the risk of actual insider trading, and to avoid the appearance of insider trading and the reputational damage that may be caused to Stanmore Coal Limited and its related bodies corporate (**Company**) or persons involved or perceived to be involved in such conduct.

It provides a framework for compliance with the insider trading provisions to ensure that persons who are discharging managerial responsibilities including but not limited to Directors, do not abuse, and do not place themselves under suspicion of abusing, Inside Information that they may be thought to have, especially in periods leading up to an announcement of the Company.

1.2 The Policy:

- requires Directors, Employees, Restricted Contractors and their Closely Connected Persons to obtain written Clearance to Deal in the Company's Securities during a Permitted Period, except in relation to Excluded Dealings (refer Sections 2, 3, 4 and 6);
- allows the Company to nominate certain of its contractors and consultants as 'Restricted Contractors' in which case they will be required to comply with this Policy (refer Section 3.2);
- prohibits Directors, Employees, Restricted Contractors and their Closely Connected Persons from Dealing in the Company's Securities during Prohibited Periods unless there are Exceptional Circumstances or the Dealing is an Excluded Dealing (refer Sections 2 - 6);
- explains that Directors, Employees, Restricted Contractors and their Closely Connected Persons are subject to Insider Trading prohibitions at all times and that they cannot Deal any time while in possession of Inside Information (Section 7); and
- explains that Directors, Employees and Restricted Contractors are subject to duties of confidentiality to the Company concerning all Confidential Information (Section 8).

1.3 For the avoidance of doubt, nothing in this Policy sanctions a breach of the market misconduct or insider trading provisions of the *Corporations Act 2001* (Cth) (**Act**).

1.4 References to the Company in this Policy are references to the Company and its subsidiaries.

1.5 Defined terms are set out in Section 15 of this Policy.

## 2. Who this policy applies to

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- 2.1 This policy applies to all Directors, Employees and Restricted Contractors.
- 2.2 This Policy also applies to Closely Connected Persons of all Directors, Employees and Restricted Contractors.
- 2.3 The Board or Chief Executive Officer or Managing Director may from time to time nominate contractors or consultants to be deemed 'Restricted Contractors' under this Policy who must comply with the restrictions on Dealing set out in this Policy. Those Restricted Contractors must be notified of their nomination and be listed in the register referred to in Section 2.4.
- 2.4 The Company Secretary maintains a register of Restricted Contractors which is updated to add and remove consultants and contractors nominated under Section 2.3.

## 3. Dealing restrictions

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- 3.1 Directors, Employees and Restricted Contractors and their Closely Connected Persons must not Deal in any Securities of the Company during a Permitted Period unless a Clearance to Deal is obtained in accordance with Section 4 of this Policy or the Dealing is an Excluded Dealing under Section 6.
- 3.2 Directors, Employees, Restricted Contractors and their Closely Connected Persons must not Deal in any Securities of the Company during a Prohibited Period, unless there are Exceptional Circumstances under Section 5 or the Dealing is an Excluded Dealing under Section 6.

## 4. Clearance to Deal

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- 4.1 Where a Director, Employee or Restricted Contractor (**Applicant**), who believes that Dealing (including by their Closely Connected Persons) is permitted under this Policy, proposes to Deal in the Company's Securities (including entering into an agreement to Deal), they must first:

- (a) provide written notice (which may be provided electronically) of their intention to Deal to the relevant Clearance Officer in the table below plus the Company Secretary (at all times). The notice must set out the key terms of the intended Deal, including the nature and timing of the Dealing, the other party and the number of Securities and include a statement by the Applicant certifying that they are not in possession of any Inside Information that might preclude them from Dealing; and

Applicant	Clearance Officer
A Director (other than the Chairperson or Chief Executive Officer) or Company Secretary	Chairperson (or if he/she is not available, a Director designated by the Board)
Chairperson	Deputy chairperson (or if he/she is not available, an Independent Director or the Chief Executive Officer)  Note: If the role of Chairperson and Chief Executive Officer are combined, that person must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first notifying the Board and receiving Clearance to Deal from the Board.
Chief Executive Officer	Chairperson (or if he/she is not available, an Independent Director)

<b>Applicant</b>	<b>Clearance Officer</b>
All other Employees and Restricted Contractors	Company Secretary (or if he/she is not available, a Director).

(b) receive written clearance to Deal signed by the Clearance Officer (which may be provided electronically) and which complies with the requirements in this Section 4 (**Clearance to Deal**).

4.2 A response to a request for Clearance to Deal must be given to the Applicant within 2 Business Days of the request being made. The decision of the Clearance Officer is final and binding and the reasons for a decision need not be given.

4.3 In giving or refusing an application for a Clearance to Deal, the Clearance Officer will have regard to the underlying purpose of this Policy which is not only to minimise the risk of Insider Trading but also to avoid the appearance of Insider Trading and the reputational damage it can cause (as well as any other matters which the Clearance Officer thinks fit in his or her discretion). Clearance to Deal should generally not be granted if the Company is considering any market announcement as regards to trading results, corporate transactions or otherwise or is otherwise relying on Listing Rule 3.1A, with the intent that the Applicant will not be given Clearance to Deal in circumstances where there is a risk that the market will suspect that they had Inside Information, or there is a risk of reputational damage to the Company.

4.4 The Company must maintain a record of all applications for a Clearance to Deal, all decisions in response to applications, and Clearances to Deal issued. A copy of the response and Clearance to Deal (if any) must be given to the Applicant concerned.

4.5 An Applicant who is given Clearance to Deal in accordance with this Section 4 must Deal as soon as possible in any event within 5 Business Days of the date of the Clearance to Deal unless another period is stated in the Clearance to Deal.

4.6 Directors, Employees, their Closely Connected Persons and Restricted Contractors remain responsible for their own investment decisions and compliance with the Insider Trading provisions under the Act and this Policy. A Clearance to Deal is not an endorsement as to the legality or legitimacy of the Dealing or the compliance of the persons involved with the Act or this Policy.

4.7 In addition to providing prior notice under Section 4.1, Directors, Employees, their Closely Connected Persons and Restricted Contractors must confirm in writing to the relevant Clearance Officer who issued the Clearance to Deal, within three Business Days from when the Dealing occurs, the number of Company Securities affected and the relevant parties to the Dealing.

4.8 An Applicant must not be given Clearance to Deal in any Securities of the Company during a Prohibited Period unless an Exceptional Circumstance arises in accordance with Section 5 of this Policy.

## **5. Dealing in Exceptional Circumstances**

5.1 A Director, Employee, Restricted Contractor (including on behalf of their Closely Connected Persons) (**Applicant**), who is not in possession of Inside Information in relation to the Company, may apply for and be given Clearance to Deal during a Prohibited Period if there are Exceptional Circumstances.

5.2 'Exceptional circumstances' may include, but are not limited to:

- (a) severe financial hardship, which is an immediate and pressing financial commitment that cannot be satisfied otherwise than selling the relevant Company Securities<sup>1</sup>;
- (b) where there exists an obligation under a court order or other overriding legal or regulatory obligation to transfer or accept a transfer of the Company's Securities; or

<sup>1</sup> A liability of an Applicant to pay tax would not normally constitute severe financial hardship unless the person has no other means of satisfying the liability.

- (c) other circumstances determined by the Clearance Officer to be exceptional (having regard to Section 5.3),

**(Exceptional Circumstances).**

- 5.3 The determination of whether the Applicant is in severe financial difficulty or whether there are other exceptional circumstances can only be made by the Clearance Officer designated by the Board for this purpose pursuant to Section 4.
- 5.4 The provisions in Section 4 apply to any Clearance to Deal issued in Exceptional Circumstances under this Section 5.
- 5.5 If required by the Listing Rules, the Company should consult with ASX at an early stage regarding any application by an Applicant to Deal in Exceptional Circumstances.

**6. Excluded Dealing**

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- 6.1 Subject to the Insider Trading restrictions, Directors, Employees, Restricted Contractors and each of their Closely Connected Persons may Deal in the Company's Securities, whether during a Permitted Period or a Prohibited Period, without need to obtain a Clearance to Deal under Section 4 where the Dealing (an **Excluded Dealing**):
- (a) **(beneficial holding)** will not result in a change to the beneficial control of the Company's Securities (i.e. transfer to a superannuation fund);
  - (b) **(acting as trustee)** is by or on behalf of a trust of which the Director, Employee, Restricted Contractor or Closely Connected Person is a trustee or director of a corporate trustee, provided the Director, Employee, Restricted Contractor or Closely Connected Person is not a beneficiary of the trust and the decision to Deal during a Prohibited Period is taken by other directors or trustees of the trust independent of the Director, Employee, Restricted Contractor or Closely Connected Person;
  - (c) **(third parties)** arises as a consequence of a third party fund or scheme investing in the Company's Securities (but not exclusively) at the discretion of a third party (i.e. managed investment scheme or listed investment fund);
  - (d) **(takeover)** arises from a scheme of arrangement or acceptance of a takeover;
  - (e) **(offers, security purchase, dividend reinvestment plans, etc)** arises under an offer to some or all holders of the Company's Securities, including a rights issue, security purchase plan, dividend reinvestment plan or equal access buy back, where the plan determines the timing and the structure of the offer has been approved by the Board (and includes the election to allow rights to lapse);
  - (f) **(incentive scheme)** arises through the:
    - (i) exercise (but not the sale following exercise) of an option or performance 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 conversion of the security falls during a Prohibited Period and the employee could not reasonably have been expected to exercise the Security other than during a Prohibited Period; or
    - (ii) the cancellation or surrender of an option or performance right under an employee incentive scheme;
  - (g) **(lender disposal)** arises through the disposal of the Company's Securities by a lender exercising their rights, except under a margin lending or other funding arrangement that is not permitted under this Policy.

## 7. Prohibition on Insider Trading

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7.1 Under the Act, it is illegal for a person to:

- (a) Deal in Company Securities at any time (including a Prohibited Period);
- (b) Procure another person to Deal in Company Securities; or
- (c) directly or indirectly communicate the Inside Information, or cause the Inside Information to be communicated, to any other person if they know, or ought reasonably to know, that the other person would, or would be likely to, use the information to Deal in the Company Securities.
- (d) directly or indirectly communicate the Inside Information, or cause the Inside Information to be communicated, to any other person if they know, or ought reasonably to know, that the other person would, or would be likely to, use the information to Deal in the Company Securities.

7.2 A breach of the provisions in paragraph 7.1 constitute Insider Trading and may attract:

- (a) criminal liability – penalties include large fines and/or imprisonment;
- (b) civil penalties – ASIC may seek civil penalties be imposed and a court order for the person to be disqualified from managing a company; and
- (c) civil liability - persons may be sued by the Company or another party for any loss suffered as a consequence of the illegal conduct.

7.3 A breach of the Insider Trading provisions under law or this Policy or both, will be treated by the Company as serious misconduct and may attract disciplinary action including termination of employment.

**The Insider Trading prohibitions apply to all Directors, Employees, Restricted Contractors and Closely Connected Persons of any of them at all times. The prohibition also applies to all Securities, not just the Company's Securities.**

### **What is Inside Information?**

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7.4 'Inside Information' is information that is not Generally Available and, if it were Generally Available, a reasonable person would expect it to have a Material Effect on either the price or the value of the Company's Securities (**Inside Information**).

### **When is information Generally Available?**

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7.5 Information is 'generally available' if:

- (a) it consists of readily observable matter; or
- (b) where the information has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in Securities, a reasonable period for it to be disseminated among such persons has elapsed. For example, it has been released to the ASX or published in an annual report or prospectus; or
- (c) it may be deduced, inferred or concluded from the information referred to above,

**(Generally Available).**

### **What is a Material Effect?**

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7.6 'Material effect', in relation to Inside Information, is where that information would, or would be likely to, influence persons who commonly acquire Securities in deciding whether or not to acquire or dispose of Securities of that nature (**Material Effect**).

Examples of information, that may have a Material Effect on the price or value of Securities when it becomes Generally Available, include:

- (a) revenue;

- (b) profit forecasts; inventory levels; forecasts;
- (c) items of major capital expenditure; borrowings;
- (d) liquidity and cashflow information; management restructuring;
- (e) changes in distribution arrangements; litigation;
- (f) impending mergers and acquisitions, reconstructions or takeovers; major asset purchases or sales;
- (g) drilling results; or
- (h) new product and technology.

## **8. Confidential Information**

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- 8.1 Directors, Employees and Restricted Contractors have a duty of confidentiality to the Company with regards to all sensitive, non-public information about the Company (**Confidential Information**) and must not:
- (a) disclose any Confidentiality Information to persons:
    - a. inside the Company except on a need to know basis; or
    - b. outside the Company, including Closely Connected Persons;
  - (b) use Confidential Information in a manner that may injure, prejudice or cause loss to the Company; or
  - (c) use Confidential Information to gain an advantage for themselves or their Closely Connected Persons.
- 8.2 Directors, Employees and Restricted Contractors who breach their confidentiality obligations to the Company may be subject to disciplinary action which may include termination of their employment or other arrangement with the Company and potentially civil action.

## **9. Dealing by Closely Connected Persons**

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- 9.1 Each Director, Employee and Restricted Contractor must take all reasonable steps to prevent their Closely Connected Persons from Dealing in the Company's Securities during a Prohibited Period.
- 9.2 Each Director, Employee and Restricted Contractor must take reasonable steps to advise any Closely Connected Persons that:
- (a) they are subject to the restrictions under this Policy; and
  - (b) of the Prohibited Periods during which they are restricted from Dealing in the Company's Securities.

- 9.3 A Restricted Person must immediately notify a Clearance Officer if they become aware, or suspect a Closely Connected Person of Dealing in the Company's Securities during a Prohibited Period.

## **10. Disclosure of Dealings by Directors**

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- 10.1 In accordance with section 250G of the Act and Listing Rule 3.19A, Directors must notify ASX of any Dealings (whether in a Prohibited Period or otherwise) in the Company's Securities within 5 Business Days of such Dealing.
- 10.2 To the extent required to do so under the Listing Rules, the Company shall disclose to the market when a Restricted Person has been given a Clearance to Deal during a Prohibited Period.

## **11. Dealings in Securities of other companies**

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- 11.1 While Directors, Employees, Restricted Contractors and each of their Closely Connected Persons are free to Deal in Securities of other companies, they must be aware that the prohibitions against Insider Trading in this Policy extend to Dealing in Securities of other companies about which they have Inside Information.
- 11.2 A Director, Employee, Restricted Contractor or Closely Connected Person of any of them who has Inside Information about another company as a result of their position in, or association with, the Company is prohibited from Dealing in the other company's Securities, Procuring another to Deal in the other company's Securities or communicating the Inside Information to another person other than in the course of performing their role or engagement (if any) with the Company.

Set out below are some examples (without being exhaustive) of how, Inside Information about another company may be obtained:

- (a) during the course of a proposed transaction;
- (b) during the course of due diligence investigations;
- (c) Board deliberations;
- (d) negotiations; or
- (e) information provided to the Company during the ordinary course of business.

## **12. Policy on margin lending, hedging and secured financing arrangements**

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- 12.1 Directors and Key Management Personnel must obtain the Board's approval to enter into a margin lending, hedging or any other secured financing arrangement in relation to the Company's Securities.
- 12.2 A Director or a member of the Key Management Personnel seeking the Board's approval under Section 12.1 must provide the Board with the material terms of the proposed arrangements, including the right of the lender to sell unilaterally and trigger events.
- 12.3 Directors and Key Management Personnel must not enter into margin loans, hedging or any other secured financing arrangements in respect of any Company Securities (**Funding Arrangements**) that would have the effect of limiting their exposure to risk in relation to all or part of their remuneration that has not vested, or has vested but remains subject to a restriction arrangement (including by holding lock).
- 12.4 If a Director or a member of the Key Management Personnel has, with the Board's approval under Section 12.1, entered into any margin lending arrangement, hedging or any other secured financing arrangement, it must keep the Company Secretary informed of any change in circumstances that may be relevant to the Company's continuous disclosure obligations under the Act and the Listing Rules.
- 12.5 Without limitation to Section 12.4, where a Funding Arrangement of a Director or a member of the Key Management Personnel involves 5% or more of the Company's Securities, the Board and Company Secretary shall make appropriate disclosure to the market of any key terms of the Funding Arrangements.

## **13. Disclosure and acknowledgement**

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- 13.1 In accordance with the ASX Listing Rules, the Company will:
- (a) provide a copy of this Policy to ASX; and

(b) provide ASX with any amendment to the Policy within 5 Business Days.

13.2 All Directors, Employees and Restricted Contractors (current and future) will be provided with a copy of this Policy. The Board may from time to time require Directors, Employees and Restricted Contractors to provide a written acknowledgement that they are aware of, understand and agree to comply with this Policy.

13.3 The Company will notify Directors, Employees and Restricted Contractors of any amendment to the Policy by email and upload a copy of the amended Policy to the Company's website.

#### 14. Policy status and review

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14.1 This Policy is adopted 30 June 2015.

14.2 The Board will review this Policy on an annual basis and as otherwise appropriate to ensure it complies with the ASX Listing Rules and applicable governance policy.

#### 15. Definitions

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**Act** means *Corporations Act 2001* (Cth) as amended from time to time;

**Applicant** has the meaning in Section 4.1 or 5.1 (as relevant);

**ASX** means the Australian Securities Exchange owned and operated by ASX Limited;

**Blackout Period** means:

- (a) for the calendar quarters ending 31 March and 30 September, the period starting 10 Business Days before the planned date for release of the relevant quarterly report and ending on the later of 24 hours or the Business Day after the release of that report to ASX;
- (b) for the calendar quarter ending 30 June, the period starting 10 Business Days before the planned date for release of the June quarterly report and ending on the later of 24 hours or the Business Day after the release of 30 June ASX Appendix 4E (if applicable) and full year financial report to ASX;
- (c) for the calendar quarter ending 31 December, the period starting 10 Business Days before the planned date for release of the December quarterly report and ending on the later of 24 hours or the Business Day after the release of the 31 December ASX Appendix 4D (if applicable) and half year financial report to ASX;
- (d) the period commencing from the release of information to the ASX which a reasonable person would expect to have a Material Effect on either the price or the value of the Company's Securities and ending 24 hours after the release of such information to the ASX; and
- (e) any other period determined by the Directors in their absolute discretion.

**Board** means board of Directors;

**Business Day** means a day, other than a Saturday or Sunday, on which banks are open for general banking business in Brisbane;

**Chief Executive Officer** means the Chief Executive Officer or Managing Director of the Company (if any) from time to time;

**Clearance to Deal** has the meaning in Section 4.1;

**Clearance Officer** has the meaning given in Section 4.1;

**Closely Connected Person** means all of the following:

- (a) a spouse or defacto partner of a Director, Employee or Restricted Contractor;
- (b) a child or dependent who lives with the Director, Employee or Restricted Contractor; and



- (c) a company or trust controlled by a Director, Employee or Restricted Contractor or a person referred to in paragraph (a) or (b);

**Company** means Stanmore Coal Limited ACN 131 920 968 and its related bodies corporate;

**Company Secretary** means the company secretary of the Company from time to time;

**Confidential Information** has the meaning in Section 8.1;

**Constitution** means the constitution of the Company as amended from time to time;

**Deal or Dealing** means to:

- (a) apply for, acquire or dispose of Securities;
- (b) enter into an agreement to apply for, acquire or dispose of Securities; or
- (c) grant, accept, acquire, dispose, exercise or discharge an option or other right or obligation to acquire or dispose of Securities;
- (d) Procure another person to:
  - (1) apply for, acquire or dispose of Securities; or
  - (2) enter into an agreement to apply for, acquire or dispose of Securities.

**Director** means a director of the Company from time to time;

**Employee** means an individual who works for the Company under a contract of employment (and includes, executive directors, senior management and management), whether on a full time or part time basis;

**Exceptional Circumstances** has the meaning in Section 5.2;

**Excluded Deal or Dealing** has the meaning in Section 6;

**Generally Available** has the meaning set out in Section 7.5;

**Inside Information** has the meaning set out in Section 7.4;

**Key Management Personnel** has the meaning given in the Act;

**Listing Rules** means the Listing Rules of the ASX;

**Managing Director** means the Managing Director of the Company (if any) from time to time;

**Material Effect** has the meaning set out in Section 7.6;

**Permitted Period** means any time other than a Prohibited Period;

**Policy** has the meaning in Section 1.1;

**Procure** means to incite, induce or encourage an act or omission by another person;

**Prohibited Period** means:

- (a) any Blackout Period; or
- (b) any period where any matter(s) exists which could constitute Inside Information in relation to the Company;

**Restricted Contractor** means a consultant, contractor or other person who is engaged by the Company on a contractual basis, other than as a Director or Employee; and

**Securities** means:

- (c) shares (ordinary and preference);
- (d) debentures;

- (e) legal or equitable interests in a security covered by paragraph (a) or (b) above;
- (f) options to acquire, by way of issue, a security covered by paragraph (a) or (b) above; or
- (g) rights (whether existing or future and whether contingent or not) to acquire, by way of issue, the following under a rights issue:
  - (1) a security covered by paragraph (a) or (b) above; or
  - (2) an interest or right covered by section 764A(1)(b) or 764A(1)(ba) of the Act.