

Securities Trading Policy

Karratha Metals Group Ltd
ACN 000 738 885



Introduction

The Board of Karratha Metals Group Ltd (**Company**) has adopted this Securities Trading Policy (**Policy**). This Policy applies to the Company and any subsidiary or associate company under its control, referred to as the Group of Companies (**Group**).

This Policy imposes general trading restrictions on Key Management Personnel, as defined below (**KMP**) as well as employees, contractors and consultants (collectively **Personnel**) of the Company.

Purpose

KMP and Personnel are encouraged to become shareholders of the Company however it is essential that the Company, KMP and its Personnel comply with this Policy as well as the law and high ethical standards.

Policy Objectives:

- Minimise the risk of KMP and Personnel of the Company contravening the laws against insider trading; and
- To increase transparency with respect to trading in securities of the Company by KMP and Personnel.

The Policy:

- Sets procedures and imposes restrictions on dealing in Company securities;
- Provides information on the insider trading provisions of the *Corporations Act 2001*;
- Provides guidance and procedures when dealing in Company securities; and
- Imposes trading restrictions during specific periods.

Definitions

For the purpose of this Policy:

“**dealing in securities**” means to buy or sell shares, options or other securities in the Company, or enter into transactions in relation to shares, options or other securities in the Company. It includes procuring another person to do any of these things;

“**price sensitive information**” means information concerning the Company that a reasonable person would expect to have a material affect on the price or value of securities in the Company;

“**Key Management Personnel (KMP)**” means those who have the opportunity to materially influence the integrity, strategy and operations of the Company or Group and its financial performance. KMP includes all Directors and Officers of the Company and members of Senior Management.

Outline of Corporations Act Requirements

Sections 1042B to 1043O of the *Corporations Act 2001* prohibit persons who are in possession of price

sensitive information in relation to particular securities that is not generally available to the public from:

- Dealing in securities; or
- Communicating the information to others who might deal in securities. The central test of what constitutes price sensitive information is found in section 1042A. It provides that the insider trading and continuous disclosure rules apply to information concerning a company that a reasonable person would expect to have a material affect on the price or value of securities in the company (**price sensitive information**).

KMP of the Company will from time to time be in a situation where they are in possession of price sensitive information that is not generally available to the public. Examples are the period prior to the release of annual results and the period during which a major transaction is being negotiated.

The test of what constitutes price sensitive information under the insider trading laws and under the continuous disclosure requirements are effectively identical. As a consequence, at least in theory, there is no risk of KMP from contravening insider trading laws as all relevant information will already have been disclosed.

There are a number of limitations and qualifications to the above. They include:

- The *Corporations Act 2001 (Cth)* permit companies not to disclose certain information, for example in the situation where an acquisition is being negotiated and remains confidential;
- In the case of a Director, information may be known to a particular Director but not yet by the Company as a whole (i.e. the Board);
- The Company may not have yet complied with its continuous disclosure obligations in relation to a particular event or circumstance – there will always be some element of delay in doing so; and
- KMP will generally have a better feel for the performance of the Company than the public.

In these situations there is still potential for contravention. There is also the potential for an appearance of contravention even if there has not been actual contravention. This could reflect badly on the Company as well as the KMP concerned.

Another circumstance that must be guarded against is where one or more KMP are aware of an event or circumstance and the remaining KMP are not yet aware. In such a circumstance it is important that no KMP deals in securities because:

- there is a risk that they will be found to have been guilty of insider trading even if they had no intention of committing a contravention; and
- of the potential for such circumstances to reflect badly on the Company.

For these reasons, the advice of the Chairman should be sought prior to any dealing in securities taking place.

Policy – Dealing in Securities

KMP and Personnel must not at any time engage in short-term trading in securities of the Company.

KMP and Personnel must not communicate price sensitive information to a person who may deal in securities of the Company. In addition KMP or any Personnel should not recommend or otherwise suggest to any person (including a spouse, relative, friend, trustee of a family trust or director of a family company) the dealing in securities of the Company.

Subject to the below, KMP and Personnel can deal in securities of the Company in the following circumstances:

- They have satisfied themselves that they are not in possession of any price sensitive information that is not generally available to the public;
- They have contacted the Chairman or in their absence, the Company Secretary and notified them of their intention to do so and the Chairman or Company Secretary indicates that there is no impediment to them doing so; and
- Where the Chairman wishes to deal in securities, he has contacted a fellow Director, or in his absence, the Company Secretary and notified them of their intention to do so and the fellow Director or Company Secretary indicates that there is no impediment to them doing so.

Notification by Directors

KMP and Personnel must notify the Company Secretary on acquiring or disposing of a relevant interest in any securities in the Company.

A Director must notify the Company Secretary in writing of the requisite information for the Company Secretary to make the necessary notifications to ASIC of the change as required by the *Corporations Act 2001 (Cth)*. The Director must provide the Company Secretary with the written notification as soon as possible after the change occurs and, in any event, to allow the Company Secretary to make the necessary notifications within the required timeframe after the change occurs.

Breach of Security Trading Policy

Breaches of this Policy are subject to disciplinary action, which may include termination.

Compliance with this Policy for trading in the Company's securities does not absolve that individual from complying with the law, which must be the overriding consideration when trading in the Company's securities.

Review of Policy

The Board shall review this Policy as required.

This Policy was approved by the Board of the Company on 31 October 2018.