



MetroCoal Limited (Company) Trading Policy

Amended as at 26 August 2011

1. Purpose of this policy

- 1.1 This trading policy (**Policy**) is intended 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 sets out the procedure for trading in Securities of the Company and aims to provide Directors and Employees and any other persons who may be associated with the Company, with guidance on how and when trades in the Company's Securities may take place and when trading of the Company's Securities is strictly prohibited.
- 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 (Cwlth)* (**Act**).
- 1.4 References to the Company in this Policy is a reference to the Company and its subsidiaries.
- 1.5 Defined terms are set out in section 18 of this Policy.

2. Who this policy applies to

This policy applies to Restricted Persons.

3. Dealing by Restricted Persons

- 3.1 A Restricted Person must not Deal in any Securities of the Company during a Prohibited Period unless a clearance to Deal is obtained in accordance with Section 4 of this Policy or the Dealing is an Excluded Dealing.
- 3.2 For the avoidance of doubt (but subject to Section 3.1), Restricted Persons may Deal in Company Securities during designated Trading Windows.

4. Clearance to Deal

- 4.1 A Director (other than the Chairperson or Chief Executive) or Company Secretary must not Deal in any Securities during a Prohibited Period of the Company without first notifying the Chairperson (or a Director designated by the board for this purpose) and receiving clearance to Deal from the Chairperson or designated Director.
- 4.2 The Chairperson must not Deal in any Securities of the Company during a Prohibited Period without first notifying the Chief Executive or the Chairman of the Audit Committee and receiving clearance to Deal from them or, if the Chief Executive or the Chairman of the Audit Committee is not readily

available, without first notifying a senior independent Director, or a committee of the Board or other officer of the Company nominated for that purpose by the Chief Executive, and receiving clearance to Deal from that Director, committee or officer.

- 4.3 The Chief Executive must not Deal in any Securities of the Company during a Prohibited Period without first notifying the Chairperson and receiving clearance to Deal from him or, if the Chairperson is not readily available, without first notifying the senior independent Director, or a committee of the Board or other officer of the Company nominated for that purpose by the Chairperson, and receiving clearance to Deal from that Director, committee or officer.
- 4.4 If the role of Chairperson and Chief Executive officer are combined, that person must not Deal in any Securities of the Company during a Prohibited Period without first notifying the Board and receiving clearance to Deal from the Board.
- 4.5 All Restricted Persons (who are not Directors or the Company Secretary) must not Deal in any Securities of the Company during a Prohibited Period without first notifying the Company Secretary or a designated Director and receiving clearance to Deal from the Company Secretary or designated Director.
- 4.6 A response to a request for clearance to Deal must be given to the relevant Restricted Person within 5 Business Days of the request being made.
- 4.7 The Company must maintain a record of the response to any Dealing request made by a Restricted Person and of any clearance given. A copy of the response and clearance (if any) must be given to the Restricted Person concerned.
- 4.8 A Restricted Person who is given clearance to Deal in accordance with this Section 4 must deal as soon as possible in any event within 2 Business Days of clearance being received by the Restricted Person.

5. Circumstances for refusal

A Restricted Person 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 6 of this Policy.

6. Dealing in exceptional circumstances

- 6.1 A Restricted Person, who is not in possession of Inside Information in relation to the Company, may be given clearance to Deal during a Prohibited Period if they are in severe financial difficulty or there are other exceptional circumstances. Clearance may be given for such a person to sell (but not purchase) Securities of the Company when they would otherwise be prohibited by this Policy from doing so. The determination of whether the person in question 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.
- 6.2 A person may be in severe financial difficulty if they have a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant Securities of the Company. A liability of such a person to pay tax would not normally constitute severe financial difficulty unless the person has no other means of satisfying the liability. A circumstance will be considered exceptional if the person in question is required by a court order to transfer or sell the Securities of the Company or there is some other overriding legal requirement to do so.
- 6.3 If required by the Listing Rules, the Company should consult the ASX at an early stage regarding any application by a Restricted Person to deal in exceptional circumstances.

7. Prohibition on Insider Trading

- 7.1 No Restricted Person may Deal in Company Securities at any time (including Prohibited Period or Trading Window), if that person is or could reasonably be expected to be in possession of Inside Information.

8. Communicating Inside Information

- 8.1 A Restricted Person in possession of Inside Information must not, directly or indirectly, communicate the information, or cause the Inside Information to be communicated, to another person if they ought to know, or ought to reasonably know, that the other person would be likely to Deal in the Company's Securities.

9. Dealing by person associated with Restricted Persons

- 9.1 A Restricted Person must take all reasonable steps to prevent an Associate of a Restricted Person from Dealing in the Company's Securities during a Prohibited Period.
- 9.2 A Restricted Person must take reasonable steps to advise any Associate of theirs that:
- (a) they are a Restricted Person of the Company; and
 - (b) of the Prohibited Periods during which the Restricted Person and their Associates cannot Deal in the Company's Securities.
- 9.3 A Restricted Person must immediately notify a Clearance Officer if they become aware, or suspect an Associate of Dealing in the Company's Securities during a Prohibited Period.

10. Disclosure of Dealings by Directors

- 10.1 In accordance with section 250G of the Act and ASX Listing Rule 3.19A Directors must notify ASX of any Dealings (whether in a Prohibited Period, Trading Window 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

- 11.1 A Restricted Person who has Inside Information about another company as a result of their position in the Company is prohibited from Dealing in other company's Securities or communicating the Inside Information. 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 by others during the ordinary course of business.

12. Penalties

- 12.1 There are penalties under the Act for a breach of Insider Trading provisions under the Act. Currently the maximum penalties under the Act are:
- (a) \$220,000 or imprisonment of 5 years or both in the case of a natural person;
 - (b) \$1,100,000 in the case of a company; and
 - (c) unlimited civil penalties.

13. Policy on Margin Loan Arrangements

- 13.1 A Restricted Person may enter into a margin loan or similar funding arrangement in respect of any Company shares (**Funding Arrangements**) but must disclose the existence of the Funding Arrangements to a Clearance Officer who shall notify the Board.
- 13.2 Where a Restricted Person's Funding Arrangement involves 5% or more of the Company's shares, the Board and Company Secretary shall make appropriate disclosure to the market of any key terms of the Funding Arrangements in accordance with Listing Rule 3.1.
- 13.3 For the avoidance of doubt, section 14.2 does not limit the obligations of the Company and its Board to disclose any Funding Arrangements which would require disclosure under Listing Rule 3.1.
- 13.4 Where a sale of the Company's shares is required as a result of a margin call pursuant to Funding Arrangements the sale process must be undertaken in accordance with this Policy.

14. What is Inside Information?

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 Securities.

15. When is information Generally Available?

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.

16. What is a Material Effect?

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.

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

17. What is Dealing in Securities?

Dealing in Securities means:

- (a) apply for, acquire or dispose of Securities; or
- (b) enter into an agreement to apply for, acquire or dispose of Securities; or
- (c) 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.

18. Definitions

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

Associate has the same meaning as set out in section 50 of the Act;

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

Blackout Period means any 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;

Clearance Officer means:

- (a) the Company Secretary;
- (b) Chairperson; and
- (c) Chief Executive Officer.

Company means MetroCoal Limited ACN 117 763 443;

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

Dealing has the meaning set out in paragraph 18 of this Policy;

Director means a director of the Company;

Employee means an individual who works for the Company under a contract of employment and includes senior management, management and contractors;

Excluded Dealings means:

- (a) undertakings or elections to take up entitlements under a rights issue or other offer (including an offer of the Company's Securities in lieu of a cash dividend);
- (b) allowing entitlements to lapse under a rights issue or other offer (including an offer of the Company's Securities in lieu of a cash dividend);
- (c) the sale of sufficient entitlements nil-paid to take up the balance of the entitlements under a rights issue;
- (d) undertakings to accept, or the acceptance of, a Takeover Offer;
- (e) dealing where the beneficial interest in the relevant Company Security does not change;
- (f) the cancellation or surrender of an option under an employees' share scheme;
- (g) transfers of the Company's Securities by an independent trustee of an employees' share scheme to a beneficiary who is not a Restricted Person;
- (h) bona fide gifts to a Restricted Person by a third party.

Generally Available has the meaning set out in paragraph 15 of this Policy;

Information includes:

- (a) matters of supposition and other matters that are insufficiently definite to warrant being made to the public; and
- (b) matters relating to the intentions, or likely intentions, of a person.

Inside Information has the meaning set out in paragraph 14 of this Policy;

Listing Rules means the Listing Rules of the ASX;

Material Effect has the meaning set out in paragraph 16 of this Policy;

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 Person means any person discharging managerial responsibilities for the Company including but not limited to:

- (a) Directors;
- (b) Senior management;
- (c) Management;
- (d) Employees
- (e) contractors;
- (f) other persons specified from time to time by the Chief Executive Officer; and
- (g) Any Associate of a person referred in paragraph's (a), (b), (c) or (d) above;
of the Company;

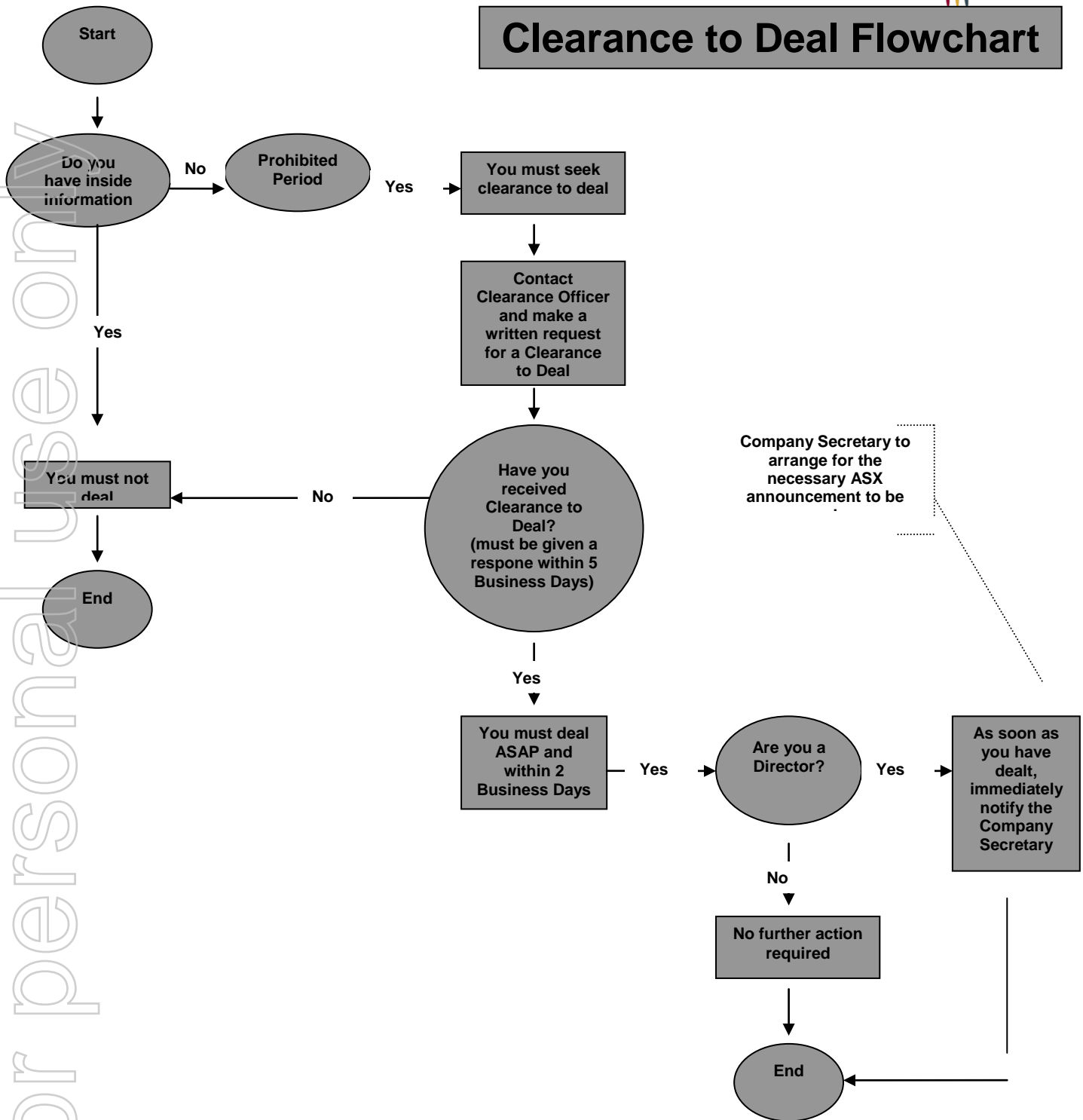
Securities means:

- (a) share;
- (b) debenture;
- (c) legal or equitable or interest in a security covered by paragraph (a) or (b) above;
- (d) an option to acquire, by way of issue, a security covered by paragraph (a) or (b) above; or
- (e) a right (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 paragraph 764A(1)(b) or (ba) of the Act;

Trading Window means:

- (a) during the period when Company Securities can be acquired under a Disclosure Document issued by the Company; and
- (b) any other period determined by the Directors in their absolute discretion.

Clearance to Deal Flowchart



Note: Additional disclosure may be required under the Listing Rules (for example if the Listing Rules require disclosure of all clearance) and the *Corporations Act* (for example if the person is a substantial shareholder).