



AUSTRALIAN MINES LIMITED

ABN 68 073 914 191

SECURITIES TRADING POLICY

This Policy has been adopted by Australian Mines Limited ("**Company**") to establish and set out the Company's policy for trading in securities by its officers and employees.

INTRODUCTION

The Company's officers and employees may have in their possession sensitive commercial information which could materially affect the value of the securities of the Company, entities that it may invest in from time to time or any of the Company's major shareholders. The *Corporations Act 2001* (Cth) ("Act") prohibits "insider trading" in relation to securities. The provisions are wide ranging and breaches are serious offences.

This Policy:

- provides an outline of the insider trading and other relevant provisions of the Act; and
- sets out the rules relating to dealings in the securities of such entities by the Company's officers and employees, which are designed to assist preventing breaches of the insider trading provisions of the Act. Ultimately, it is the responsibility of the person to ensure that none of his/her dealings could constitute insider trading.

THE INSIDER TRADING PROHIBITION

The nature of the prohibition

Section 1043A of the Act makes it an offence for a person in possession of information that is not generally available, but which if generally available, a reasonable person would expect it to have a material effect on the price or value of a security or relevant financial product to:

- apply for, acquire or dispose of or enter into an agreement to do any of these things; or
- procure another person to apply for, acquire or dispose of or enter into an agreement to do any of these things.

It is also an offence to "tip" the information to another person with the knowledge that the person could deal in securities. Accordingly, the effect of the section cannot be avoided by simply getting another person to trade on your behalf.



How you became aware of the information is irrelevant

It is irrelevant how or in what capacity the person came into possession of the information. This means that any Company director or employee who acquires "inside information" in relation to a security or relevant financial product, no matter in which capacity, will be caught by Section 1043A and prohibited from trading in that security or relevant financial product.

OTHER RELEVANT CORPORATIONS ACT PROVISIONS

Officers of a company (which expression is defined to include a director, secretary or executive officer of the company) and, in some instances, employees are subject to the duties set out in Part 2D.1 of the Act. Relevantly these include the duties set out below:

No improper use of inside information

An officer or employee, or a former officer or employee, must not make improper use of information acquired by virtue of his or her position as such an officer or employee to gain, directly or indirectly, an advantage for himself or herself or for any other person or to cause detriment to the company.

No gain by improper use of position

An officer or employee of the Company must not make improper use of his or her position as such an officer or employee, to gain, directly or indirectly, an advantage for himself or herself or for any other person or to cause detriment to the company.

THE SHARE TRADING RULES OF THE COMPANY

In these rules, reference to "Securities" include shares, units in trusts, debentures, prescribed interests, any other financial products that are able to be traded on a financial market and rights or options to subscribe for such securities in the Company and in entities in which the Company has an investment from time to time.

Trading permitted following due notice

Subject to ASX Listing Rules 3.2, 3.3 and 3.4, no officer or employee or entity controlled by them is allowed to trade the Securities without prior notification to the Managing Director in the case of employees and to the Chairman in the case of directors (if the Chairman wishes to trade he must notify the Managing Director). Trading is only permitted for 2 weeks following this notification and confirmation of any trading must be provided to the Managing Director or the Chairman (as the case may be).

Closure of trading facility

The trading facility may be closed at any time by direction of the Chairman or a majority of directors.

Prohibition on dealing while in possession of relevant information

Dealing in the Securities is subject to the prohibition that a Company officer or employee must not deal in Securities:



- at any time when he or she is in possession of unpublished information, which if generally available, might materially effect the price or value of those Securities; or
- for a period of 2 days following the making of a public announcement in relation to that matter.

If, after you have placed an order to buy or sell the Securities:

- you come into possession of relevant information that might materially effect the price or value of the Securities; and
- your order has not been filled,

You must cancel that order.

Prohibition on active dealing in the Securities

Dealing in the Securities is subject to the prohibition that a Company officer or employee must not engage in the business of actively dealing in the Securities. "Actively dealing" means to deal in the Securities in a manner which involves frequent and regular trading.

INFORMATION WHICH MIGHT EFFECT PRICE OR VALUE

The prohibition referred to in Listing Rule 3.3 refers to unpublished information or information which is not otherwise in the public domain which, if generally available, might materially effect the price or value of the Securities.

What does "information" include?

"Information" includes matters of supposition or speculation and matters relating to the intentions or likely intentions of a person.

What information might materially affect price or value?

This means information that a reasonable person would expect to have a material effect on the price or value of the Securities including information material to the value of the Company. A reasonable person would be taken to expect information to have a material effect on price or value if the information would be likely to influence persons who commonly invest in securities in deciding whether or not to do so.

Examples of this type of information are:

- proposed changes in the capital structure, capital returns and buybacks of securities;
- a material acquisition, divestment or realisation of assets;
- proposed dividends and share issues;
- changes to the board;
- changes to the book or market values of investments;



- possible events which could have a material impact on profits (adversely or positively) eg, equity accounted loss of an associated entity.
- proposed changes in the nature of the business;
- notification of a change in substantial shareholding; and
- any information required to be notified to ASX pursuant to Listing Rule 3.1 (the continuous disclosure requirement).

What does "unpublished" mean?

"Unpublished" means that the information is not generally available. Information is generally available if it consists of readily observable matter, or has been disseminated in a manner likely to bring it to the attention of investors and a reasonable period has elapsed.

APPOINTMENT AND MONITORING OF COMPLIANCE

To promote an understanding of the insider trading prohibition and related Corporations Act provisions, a copy of this Policy will be provided to all the Company officers and employees (present or future) of the Company.

At least once every 12 months, the Company will review compliance with this Policy.

The share trading restrictions contained in this Policy are embodied in the letter of appointment of new directors as forming part of the terms of appointment.

TRADING UNDER EXCEPTIONAL CIRCUMSTANCES

Any Company officer or employee who is not in possession of inside information in relation to the Company may be given prior written clearance to sell or dispose of the Company's securities outside the trading windows where there are exceptional circumstances.

Examples of what constitutes exceptional circumstances are:

- (a) severe financial hardship which means a Company officer or employee has a pressing financial commitment that cannot be satisfied otherwise than by selling the Securities,
- (b) court order requiring the sale or transfer of the Company's securities; or
- (c) a situation determined by the Chairman or CEO to be an exceptional circumstance.

Trading under exceptional circumstances must be made in writing (including electronic format) to the CEO/Company Secretary. Retrospective approval cannot be granted, the approval to sell or dispose of securities must be obtained in advance of the claim.



The application must include:

- (a) the name of the restricted person,
- (b) whether the interest in the Company's securities held by the Applicant is direct or indirect (and if it is indirect, the circumstances giving rise to the interest);
- (c) a description of the sale or disposal;
- (d) the proposed date of the sale or disposal;
- (e) the number of the securities to be sold or disposed of;
- (f) the amount to be paid or received for the Securities; and
- (g) the number of Securities held by the Applicant, directly and indirectly, before and after the sale.

Written approval including electronic format, if granted will expire within fourteen (14) days of being granted or such shorter or longer period as specified.

TRADING EXCLUDED FROM THE POLICY

The following types of transactions are specifically excluded from the operation of the trading policy:

- (a) Transfers of securities already held in a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
- (b) an investment in a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (c) Where a restricted person is a trustee, trading in the securities of the entity by that trust provided the restricted person is not a beneficiary of the trust and any decision to trade during the prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;
- (d) Undertakings to accept, or the acceptance of, a takeover offer;
- (e) Trading under an offer or invitation made to all or most of the security holders, such as, a rights issue, a secondary purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the entitlements under a renounceable pro rata issue;
- (f) A disposal of securities of the Company that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement;
- (g) The exercise (but not the sale of securities following exercise) of an option or a 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



Company has been in a long prohibited period or has had a number of prohibited periods and the restricted person could not reasonably have been expected to exercise it at a time when free to do so; and

- (h) Trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in the trading policy and where;
 - a. the restricted person did not enter the plan or amend the plan during a prohibited period;
 - b. the trading plan does not permit the restricted person to exercise any influence or discretion over how, when, or whether to trade; and
 - c. the Company's trading policy does not allow the restricted person to cancel the trading plan or otherwise vary the terms of participation in the trading plan during a prohibited period other than in exceptional circumstances.

CONCLUSION

Compliance with the rules set out in this Policy is very important. Infringement of the insider trading provisions can attract a substantial monetary penalty, imprisonment or both. Failure to comply with the rules could have a damaging impact on the perception of the Company within the investment community. Any Company officer or employee who does not comply with the rules set out in this Policy will be considered to have engaged in serious misconduct which may result in the termination of their engagement with the Company.