

23 June 2016

UPDATED SECURITIES TRADING POLICY

Kina Securities Ltd (ASX,POMSoX: KSL) would like to advise that, following a review of its governance policies and procedures, the Securities Trading Policy has been updated. A copy of the Policy has been uploaded to KSL's website: <http://investors.kina.com.pg/investors/?page=corporate-governance>

A copy of the Policy is attached.

For further information, please call:

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Kina Group

Securities Trading Policy

Introduction

1. As a public company, Kina is bound by laws governing the conduct for buying, selling and otherwise dealing in securities.

Purpose

2. The purpose of this Policy is to:
 - explain the types of conduct in dealing in securities that are prohibited under the Papua New Guinea Securities Act, the Australian Corporations Act 2001 (Cth) and the ASX Listing Rules. Such prohibitions apply to all directors and personnel of the Company and its related bodies corporate as defined in the Papua New Guinea Securities Act and the Australian Corporations Act 2001 (collectively, the **Kina Group**); and
 - establish a best practice procedure for the buying and selling of securities that protects the Company, its directors and personnel against the misuse of unpublished information which could materially affect the value of securities.
3. The Company aims to achieve the highest possible standards of corporate conduct and governance. The Board of the Company considers that compliance with this Policy is essential for all directors and personnel of Kina to meet the highest standards of conduct.
4. Any non-compliance with this Policy will be regarded as serious misconduct which may entitle the Company to take disciplinary action. You must also comply with the spirit and intent of the Policy. Even if a Restricted Person does not have inside information and is able to deal, a Restricted Person should consider the negative perception, embarrassment or scrutiny that dealing may have on the Company.
5. It is essential that all directors and personnel of the Company read, understand and comply with this Policy. Should you be unsure about any aspect of the Policy, please contact the Company Secretary.

Definitions

For the purpose of this Policy:

6. **dealing** includes:
 - buying or otherwise applying for securities, whether on or off market;
 - selling or otherwise disposing of securities, whether on or off market;
 - arranging for someone else to buy, sell or otherwise apply for or dispose of securities;
 - margin lending, stock lending or other financing arrangements related to securities;
 - issuing, underwriting or varying the terms of securities; and

- transferring legal ownership of securities, even where beneficial ownership does not change.

7. **inside information** means information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to, have a material effect on the price or value of those securities. This is satisfied where the information would, or would be likely to, influence investors in deciding whether to buy or sell securities,
- and can include information which is of an uncertain nature, rumours, matters of supposition, matters relating to the intentions of a person (including the Company) and information which is insufficiently definite to warrant disclosure to the public.

8. **securities** includes:

- shares;
- options;
- performance rights
- notes, bonds and other debentures;
- interests in managed investment schemes, trusts and other financial products; and
- any derivatives of those securities, including equity swaps, futures, hedges and exchange-traded or over-the-counter options, whether settled by cash or otherwise.

Persons to whom this policy applies

9. Unless otherwise stated, this Policy applies to:

- all directors and officers of the Kina Group (including the CEO);
- all direct reports to the CEO and their direct reports;
- any other personnel designated by the Board (collectively with the persons described in the first two bullets, **Kina Personnel**); and
- closely related parties (as that term is defined in the Australian Corporations Act 2001) of all Kina Personnel.

10. In this Policy, the persons listed above are called **Relevant Persons**.

11. Where this Policy requires a Relevant Person to do something (eg, obtaining clearance in accordance with paragraphs 26 to 28), that person must also do so for their closely related parties.

Restrictions on dealing in securities

No trading when in possession of inside information

12. All Relevant Persons and all employees must not deal in the Company's securities where:

- they are in possession of inside information; or
- the Company is in possession of inside information and has notified Relevant Persons that they must not deal in securities (either for a specified period, or until the Company gives further notice).

Short term dealing prohibited

13. You must not engage in short term or speculative dealing in the Company's Securities. "Short term dealing" includes buying and selling the Company's Securities, within a three month period and covers dealing in the Company's Securities in a manner which involves frequent and regular trading activity.

Other prohibited dealings – Trading Windows

14. Additional restrictions (described below) on trading in the Company Securities apply to Relevant Persons. The additional restrictions in this policy do not prohibit Restricted Persons from acquiring securities under a dividend reinvestment plan or an employee equity plan, if either plan exists (however, the additional restrictions will apply to any subsequent trading of the Company Securities acquired under those plans). It is important to note that although the additional restrictions do not apply to a Restricted Person's participation in a dividend reinvestment plan or an employee equity plan, a Restricted Person must not make an election to participate or cease participation in a dividend reinvestment plan or employee share plan if they are in possession of "inside information."
15. Restricted Persons may, subject to the prior clearance requirements in paragraph 26, deal in the Company's securities as a matter of course (unless there is in existence price sensitive information that has not been disclosed as a result of the Company's reliance on an exception under the ASX Listing Rules) in the following periods (**Trading Windows**):
 - 20 business days beginning on the first trading day after the Company's full year results are released to ASX and POMSoX;
 - 20 business days beginning on the first trading day after the Company's half-yearly results are released to the ASX and POMSoX;
 - 20 business days beginning on the first trading day after the Company's annual general meeting; and
 - any other period that the Board specifies from time to time.

All other periods are prohibited periods (ie. when dealing in the Company's securities are prohibited), unless otherwise permitted by this policy.

The Board may also impose an ad hoc prohibited period during a Trading Window specified above.

16. For the avoidance of doubt, the above Trading Windows apply to trading on both POMSoX and ASX. However, ASX's trading day calendar will be used to determine the timing of the relevant Trading Window.
17. During Trading Windows, Relevant Persons must not deal in any of the Company's securities unless permitted to do so under paragraphs 18 to 25 or paragraphs 35 to 36.

Exceptional circumstances

18. If a Relevant Person, who is not in possession of Inside Information, needs to deal in securities outside a Trading Window due to exceptional circumstances, but such dealing is prohibited by paragraphs 13 to 17 of this Policy, the Relevant Person may apply to:

- the Chairman of the Board (if the Relevant Person is a director (other than the Chairman of the Board), or one of their closely related parties);
- the Chairman of the Audit Committee and the CEO (if the Relevant Person is the Chairman of the Board or one of their closely related parties); or
- the CEO (in the case of other Relevant Persons),

or their delegate (the **Approver**) for a waiver from compliance with the provisions of paragraphs 13 to 17 .

19. Exceptional circumstances for these purposes include severe financial hardship (such as a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant securities), compulsion by court order or any other circumstance that is deemed exceptional by the Approver.
20. Relevant Persons seeking a waiver under this clause must apply in writing to the relevant Approver setting out:
 - the details of the proposed dealing, including an explanation as to the exceptional circumstances;
 - the number and type of the securities the subject of the application;
 - the proposed date(s) for executing the proposed dealing(s); and
 - the reason the waiver is requested.
21. The Approver may, in their reasonable discretion, require further details from the requester, and may take the time they consider necessary to consider the request, including time to seek legal opinion.
22. A waiver will only be granted if the Relevant Person's application is accompanied by sufficient evidence (in the opinion of the Approver) that the requested dealing is the only reasonable course of action available in the circumstances.
23. If a waiver is granted, the Relevant Person will be notified in writing (including by email) and in each circumstance the duration of the waiver to deal in securities will be two business days or as otherwise nominated by the Approver.
24. Where a waiver is given pursuant to paragraphs 18 to 23, the Relevant Person must notify the Company Secretary of the details of that waiver for record keeping purposes.
25. Unless otherwise specified in the approval notice, any dealing permitted under paragraphs 18 to 23 must comply with the other sections of this Policy (to the extent applicable).

Other permitted dealings

26. During a Trading Window and before any dealing in securities is undertaken, the Relevant Person seeking to trade (column A, below) must provide notification to and seek approval for any proposed dealing in the Company's securities from the person(s) approving the trade (column B, below):

Column A	Column B
Relevant Person Seeking to Trade (including any closely related party)	Person(s) Approving the Trade
Directors and officers of the Kina Group (including the CEO)	The Chairman of the Board
The Chairman of the Board	The Chairman of the Audit Committee and the CEO
The CEO's direct reports, their direct reports and any person designated by the Board under paragraphs 9 to 11 of this Policy	The CEO

27. Following approval, Relevant Persons (or their closely related parties) must undertake the proposed dealing within two business days or as otherwise notified by the person providing such approval. If the dealing is not undertaken within this time, the approval will no longer have effect and a new approval will be required.
28. Relevant Persons must confirm any such dealings with the person who endorsed the transaction and the Company Secretary within two business days of the dealing. The Company Secretary will keep a record of this information.
29. The insider trading restriction in paragraph 12 applies to all dealings in the Company's securities despite any approval given to a Relevant Person under this Policy (and even if a Trading Window is open), and the Relevant Person is responsible for ensuring that the dealing does not breach this restriction.

Margin lending

30. Any dealing in the Company's securities by Relevant Persons pursuant to a margin lending arrangement is not permitted. Such dealings would cover:
 - entering into a margin lending arrangement in respect of the Company's securities;
 - transferring securities in the Company into an existing margin loan account; and
 - selling securities in the Company to satisfy a call pursuant to a margin loan.

Hedging of Company securities

31. Hedging includes entering into transactions in financial products that operate to limit the economic risk associated with holding Company securities.
32. Hedging of Company securities by a Relevant Person is subject to the following overriding prohibitions:
 - the hedge transaction must not be entered into, renewed, altered or closed out when the Relevant Person is in possession of inside information;
 - Company securities must never be hedged prior to the vesting of those Company securities. In particular, Relevant Persons are prohibited from entering into any hedge transaction involving unvested equity held pursuant to any employee, executive or director equity plan operated by the Company; and

- Company securities must never be hedged while they are subject to a holding lock or restriction on dealing under the terms of any employee, executive or director equity plan operated by the Company.
33. Relevant Persons are permitted to hedge their vested and unrestricted Company securities on the following conditions:
- the hedge transaction is treated as a dealing in Company securities for the purposes of this Policy, and the relevant approvals and notifications are made on this basis; and
 - the relevant requirements under paragraphs 26 to 28 of this Policy have been satisfied.
34. Where a Relevant Person enters into a hedging arrangement in respect of Company securities, the Company may, where appropriate, disclose the fact and nature of the hedge (eg, in its annual report or to POMSoX or ASX).

Exclusions

35. Paragraphs 13 to 28 of this Policy do not apply to:
- participation in an employee, executive or director equity plan operated by the Company (eg, applying for an allocation of securities under an employee equity plan offer). However, where securities in the Company granted under an employee, executive or director equity plan cease to be held under the terms of that plan, any dealings in those securities must only occur in accordance with this Policy;
 - the following categories of passive trades:
 - acquisition of Company securities through a dividend reinvestment plan;
 - acquisition of Company securities through a share purchase plan available to all retail shareholders;
 - acquisition of Company securities through a rights issue or other pro rata entitlement offer; and
 - the disposal of Company securities through the acceptance of a takeover offer;
 - dealings that result in no effective change to the beneficial interest in the securities (eg, transfers of Company securities already held into a superannuation fund or trust of which the Relevant Person is a beneficiary); and
 - trading under a pre-approved non-discretionary trading plan, where the Relevant Person did not enter into the plan or amend the plan outside a Trading Window, the plan does not permit the Relevant Person to exercise any influence or discretion in relation to trading under the plan and the plan cannot be cancelled outside a Trading Window other than in exceptional circumstances.
36. For the avoidance of doubt, such dealings are still subject to the insider trading restrictions of this Policy where applicable.

Securities in other companies

37. In general, Relevant Persons are free to deal in securities in other listed companies, but should note that the Australian Corporations Act 2001 and the PNG Securities Act contain various prohibitions on trading in other listed companies with which the Company may be dealing (including the Company's customers, contractors or business partners) where that person possesses inside information in relation to that other company.

38. Relevant Persons may come into possession of inside information where they are directly involved in client relationship management or negotiating contracts. For example, where the Relevant Person is aware that the Company is about to sign a major agreement with another company, the Relevant Person should not deal in securities in either the Company or the other company.
39. If you are in doubt, you should: (a) not trade; (b) not pass the inside information to another person; and (c) immediately seek advice from the Company's legal team.

Breach

40. Breaches of the insider trading laws have serious consequences for both the Relevant Person concerned and the Company. Breaches of this Policy are regarded as serious and will be subject to appropriate sanctions.
41. Any person who:
- is suspected of breaching this Policy may be suspended from attending the workplace on full pay pending the outcome of investigations into the alleged breach; or
 - is proven to have breached this Policy could face disciplinary action (including forfeiture of securities and/or suspension or termination of employment).

Director notification requirements

42. Directors have agreed with the Company to provide details of changes in Company Securities they hold (directly or indirectly) to the Company Secretary as soon as reasonably possible to enable the Company to comply with its obligations under the ASX Listing Rules. If a change to a notifiable interest occurs during a Prohibited Period, the Company must tell ASX (in its Appendix 3Y filing) that this is the case, whether prior written clearance for the relevant dealing was provided and the date of such clearance.

Insider trading

43. The requirements imposed by this Policy are separate from, and additional to, the legal prohibitions in the Papua New Guinea Securities Act and the Australian Corporations Act 2001 on insider trading.

Who to contact

44. Any person who has any queries about this Policy should contact the Company Secretary.

ASX Listing Rule requirements

45. ASX Listing Rule 12.9 requires this policy to be disclosed to the ASX. Where the Company makes a material change to this policy, the amended policy must be provided to ASX within 5 business days of the material changes taking effect, in accordance with ASX Listing Rule 12.10.

Review of this Policy

46. The Board will review this Securities Trading Policy at least annually, having regard to the changing circumstances of the Company, and the policy will be subject to Board approval if any updates are made.
47. Any amendments to this policy will be notified to affected persons in writing.

Approved by the Board: 21 June 2016