

## **KINGSGATE CONSOLIDATED LIMITED – SHARE TRADING POLICY**

This policy outlines the Company's policy on trading of the Company's securities by Directors, officers and employees. This policy is important to ensure compliance with insider trading laws and to maintain shareholder confidence.

This policy sets out what constitutes insider trading, the penalties imposed and the Company's policy on how best to avoid insider trading.

### *Insider Trading*

The *Corporations Act 2001* (Cth) provides a prohibition against the following conduct relating to insider information:

- the direct or indirect acquisition or disposal of financial products using inside information;
- the procurement of another person to acquire or dispose of financial products using inside information; and
- the communication of inside information to another person for the purpose of the other person acquiring or disposing of financial products.

The *Corporations Act 2001* (Cth) defines inside information as information that is not generally available and if the information were generally available a reasonable person would expect it to have a material effect on the price or value of particular securities.

Information is generally available where the information:

- is readily observable;
- 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 of a kind whose price might be affected by the information and since it was made known a reasonable period for it to be disseminated among such persons has elapsed; or
- is able to be deduced, concluded or inferred from those types of information.

Insider trading is a criminal offence.

The criminal penalties for a breach of the insider trading prohibition include for an individual: a fine up to \$220,000 and a jail term of up to 5 years and for a corporation: a fine of up to \$1,100,000. The insider trader may also be liable for civil penalties to compensate third parties.

### *Policy for trading in the Company's securities*

Directors and employees are prohibited from engaging in short-term trading of any of the Company's securities and buying or selling the Company's shares if they possess unpublished, price-sensitive information.

As a general rule Directors and employees of the Company must not buy or sell securities in the Company or securities of a company in a "special relationship" with the Company when they are in possession of price sensitive information which is not generally available to the market.

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A company is deemed to be in a “special relationship” with the Company if any one of the following conditions are met:

- the Company owns directly or indirectly 10% or more of the shares of that company; or
- the Company is proposing to:
  - make a takeover bid for that company;
  - effect a merger or business combination with that company;
  - acquire a substantial interest in that company or its property; or
  - otherwise enter into a transaction that is material to that company.

Directors and employees who wish to buy or sell securities in the Company are required to notify the Chairman prior to dealing in such securities.

Although there is never a completely safe time in which Directors and employees may trade in the Company’s securities, the Company considers the following periods the most appropriate for Directors and employees to buy or sell the Company’s securities.

The four week period following significant announcements by the Company, including the release of the

- quarterly report;
- half yearly results;
- preliminary annual results; and
- lodgement of the Company’s Annual Report.

Even during these times there may still be incidents where it would be inappropriate for Directors and employees to deal with the Company’s securities because of their knowledge of impending or actual developments which are not known in the marketplace.

At all other times, ie restricted periods outside the periods noted above, the Board must receive prior notice of transactions, which are subject to Board veto.

In any case, Directors and employees must not trade in any of the Company’s securities during a “close” period. A “close” period is that period from the end of the financial year or half financial year to the time of release of the annual or half year results.

#### *Review of Share Trading Policy*

The Board will regularly review this policy to ensure it remains consistent with the Board’s objectives and responsibilities and the relevant standards of corporate governance and complies with the *Corporations Act 2001* (Cth).