

Securities Trading Policy

1. Introduction

Cape Lambert Resources Limited (**Cape Lambert** or the **Company**) has documented its Securities Trading Policy (**Policy**). Each director and employee of the Company is provided with a copy and a copy is posted on the Company's website in the section titled "Corporate Governance".

The Policy is discussed with each new director, employee, contractor or consultant as part of their induction.

2. Purpose

Although employees are encouraged to become shareholders of the Company, it is essential that the Company and its employees comply with both the law and high ethical standards. Subject to this Policy and additional restrictions placed on Directors and Key Management Personnel (**KMP**) trading in Company securities is permitted throughout the year.

Policy Objectives:

- minimise the risk of Directors and employees of the Company contravening the laws against insider trading;
- ensuring the Company is able to meet its reporting obligations under the ASX Listing Rules; and
- increasing transparency with respect to trading in securities of the Company by Directors and employees.

The Policy:

- sets procedures and imposes restrictions on dealing in Company securities;
- provides information as to the insider trading provisions of the Corporations Act;
- provides guidance and details procedures when dealing in Company securities; and
- imposes trading restrictions during specific periods.

The Policy is directed at:

- dealing in Company securities by the Directors, KMP and other employees;
- dealings through entities or trusts controlled by the relevant person, or in which they have an interest; and
- encouraging family or friends to so deal.

The policy and stated objectives will apply to Cape Lambert and any subsidiary or associate under its control, referred to as the Group of Companies (**Group**).

3. Definitions

For the purpose of this Policy:

"dealing in securities" means 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 a 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 the senior management team as distinct from the board of directors, being those who have the opportunity to materially influence the integrity, strategy and operations of the company and its financial performance.

4. Legal Restrictions on dealing in Company Securities

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 the securities; or
- communicating the information to others who might deal in the 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**).

Directors and 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 release of annual or half-yearly results to Australian Securities Exchange Limited (**ASX**) and the period during which a major transaction is being negotiated.

The risk of contravention of insider trading laws in relation to information concerning public companies was substantially reduced in 1994 with the introduction of the continuous disclosure regime. Under that regime, public companies are required to disclose all price sensitive information immediately to the ASX, except in limited circumstances. 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 Directors and KMP 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 ASX Listing Rules and the Corporations Act 2001 permit companies to not 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
- Directors 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 on the Director or KMP concerned.

Another circumstance that must be guarded against is where one or more Directors and KMP are aware of an event or circumstance and the remaining Directors and KMP are not yet aware. In such a circumstance it is important that no Director or 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 dealings taking place, and steps should be taken to ensure that the Chairman is appraised of all relevant considerations by the Continuous Disclosure Manager appointed under ASX Listing Rule 1.1, condition 12.

5. Policy – Dealing in Securities

General Policy and Blackout Periods

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

Directors, KMP and employees must not communicate price sensitive information to a person who may deal in securities of the Company. In addition, a Director, KMP or employee 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 buying or selling of securities in the Company.

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

- (a) they have satisfied themselves that they are not in possession of any price sensitive information that is not generally available to the public;
- (b) 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
- (c) where the Chairman wishes to deal in securities, he has contracted the Lead Director, or in his absence, the Company Secretary indicates that there is no impediment to them doing so.

The time for any Director or KMP to buy or sell Company securities is not permitted in the following blackout periods (“**Blackout Periods**”):

- (a) within the period of 2 days prior to the release of annual or half yearly results; and
- (b) there is in existence price sensitive information that has not been disclosed because of an ASX Listing Rule exception.

Directors and KMP should wait at least 2 hours after the relevant release before dealing in securities so that the market has time to absorb the information.

The Company Secretary will provide email notification of the commencement and completion of each Blackout Period.

Exceptions to Blackout Periods

Directors and KMP may at any time (including during any Blackout Periods):

- (a) acquire ordinary shares in the Company as a result of exercise of options or conversion of securities giving a right of conversion to ordinary shares;
- (b) acquire Company securities under a bonus issue made to all holders of securities of the same class;
- (c) acquire Company securities under a dividend reinvestment, or top-up plan that is available to all holders or securities of the same class;
- (d) acquire, or agree to acquire or exercise options under a Company share option plan;
- (e) withdraw ordinary shares in the Company held on behalf of the employee in an employee share plan where the withdrawal is permitted by the rules of that plan;
- (f) acquire ordinary shares in the Company as a result of the exercise of options held under an employee option scheme;
- (g) transfer securities of the Company already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;

- (h) make an investment in, or trade in units of, 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;
- (i) where a restricted person is a trustee, trade in the securities of the Company by that trust provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;
- (j) undertake to accept, or accept, a takeover offer;
- (k) trade under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security 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 balance of entitlements under a renounceable pro rata issue;
- (l) dispose of securities of the Company resulting from a secured lender exercising their rights, for example, under a margin lending arrangement; or
- (m) exercise (but not sell securities following exercise) an option or a right under an employee incentive scheme, or convert a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a prohibited period and the Company has been in an exceptionally long prohibited period or the Company has had a number of consecutive prohibited periods and the restricted person could not reasonably have been expected to exercise it at a time when free to do so.

In respect of any active share or option plans that the Company has in place:

- (a) it is not permissible to provide the exercise price of options by selling the shares acquired on the exercise of these options unless the sale of those shares occurs at a time other than during a Blackout Period; and
- (b) where the exercise price of options is being provided by a margin loan or other form of lending arrangement then there may be a risk that the employee or Director may need to sell shares to avoid providing additional capital or security to the lender in the event of a decrease in the value of the shares. Where this is to occur at a time when the person possessed inside information, then the sale of the Company's securities would be a breach of insider trading laws, even though the person's decision to sell was not influenced by the inside information that the person possessed and the person may not have made a profit on the sale. Where Company securities are provided to a lender as security by way of mortgage or charge a sale that occurs under that mortgage or charge as a consequence of default would not breach insider trading laws.

Exemption from Blackout Period due to Financial Hardship or Exceptional Circumstance

In specific circumstances, such as financial hardship or exceptional circumstances, the Chairman may waive the requirement of a Director or KMP to deal in securities during a Blackout Period on the condition that the Director or KMP can demonstrate that they are not in possession of any price sensitive information that is not generally available to the public.

A Director or KMP may be in severe financial hardship if they have a pressing financial commitment that cannot be satisfied other than by selling the securities of the Company. In the interests of an expedient and informed determination by the Chief Executive Officer, Executive Chairman or board of Directors, any application for an exemption allowing the sale of Company securities during a Blackout Period based on financial hardship must be made in writing, be accompanied by a statutory declaration stating all of the facts and be accompanied by copies of relevant supporting documentation, including contact details of the persons accountant, bank and other such independent institutions.

Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

Exceptional circumstances may apply to the disposal of Company securities by a Director or KMP if the person is required by a court order, a court enforceable undertaking for example in a bona fide family settlement, to transfer or sell securities of the Company or there is some other overriding legal or regulatory requirement to do so.

Any Application for an exemption allowing the sale of Company securities during a Blackout Period based on exceptional circumstances must be made in writing and be accompanied by relevant and/or supporting legal documentation.

Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

6. Directors – Notification of Dealing in Securities – Legal and Other Considerations

ASX Listing Rules 3.19A and 3.19B require the Company to notify dealing in securities by Directors (or their associates) within 5 business days. Three appendixes are included in the Listing Rules for the purpose of this notification, being 3X - Initial Director's Interest Notice, 3Y - Change of Director's Interest Notice and 3Z - Final Director's Interest Notice.

Section 205G of the Corporations Act 2001 requires a Director of a listed company to notify ASX within 14 days of acquiring or disposing of a relevant interest in any securities of the Company. This is an obligation of the Director, not the Company. There is no prescribed form for such notifications. ASIC has granted relief from the requirements of section 205G where notifications are made by the Company under Listing Rules 3.19A and 3.19B

7. Directors – Policy – Notification of Dealing in Securities

Directors and KMP must notify the Company Secretary immediately (and in any event no later than 3 business days) on acquiring or disposing of a relevant interest in any securities in the Company.

8. Breach of Trading Policy

Breaches of the Company's Securities Trading 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.