



METROCOAL LIMITED

SHARE TRADING POLICY

1. DEALINGS IN SECURITIES OF THE COMPANY

The Company encourages its Directors, other key management personnel* and employees to become shareholders in the Company. However, when any Director or other key management personnel trade in shares of the Company it is important to ensure that these transactions do not reflect badly on either them or the Company. This Policy is designed to ensure that Directors and other key management personnel do not deal in shares of the Company at inappropriate times or in inappropriate circumstances.

When buying or selling shares in the Company, Directors and other key management personnel must ensure that they do not contravene the insider trading provisions contained in Part 7.10 of the Corporations Act. "Inside information" is information that is not generally available which could reasonably be expected to have a material effect on the price or value of securities of the Company. Information is taken to have a "material effect" on the price or value of a security if it would be likely to influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy, or sell the securities. Thus, to constitute inside information the information must be both price sensitive and not generally available.

Directors of the Company, other key management personnel and some employees or consultants in the course of carrying out their duties can possess information which would be regarded as inside information under the Corporation Act. The following are examples of information which could be regarded as inside information:

- (a) proposed strategic business acquisition;
- (b) financial records not yet released to the market;
- (c) a proposed takeover not yet announced to the market.

Where Directors, other key management personnel and employees or consultants possess inside information, they must not engage in dealings with the securities of the Company and cannot, either directly or indirectly, communicate the inside information to other persons. Such individuals can be liable for insider trading if they recommend the Company's shares to other persons while they are in possession of price sensitive information which is undisclosed to the general public. They should be aware that they can be liable for insider trading by communicating inside information to other persons, for example their spouse, family or friends. This liability arises notwithstanding the fact that the Director, other key management personnel or employee has not dealt with the securities of the Company. Spouses, family or friends who learn inside information and subsequently act on it before the information becomes public can also be held liable for insider trading.



It is therefore essential that all Directors, other key management personnel and relevant employees and consultants avoid direct or indirect communication of price sensitive information before it enters the public domain. It is equally essential that they refrain from trading in shares of the Company whilst they possess such information.

2. RESTRICTIONS ON DEALINGS WITH COMPANY SHARES

As a general policy, before engaging in transactions involving the shares of the Company, a Director, any other key management personnel, employee or consultant must notify the Chairman (or, where it is the Chairman undertaking the transaction, another Director) of the intended transaction at least 24 hours beforehand. It is then a matter for the Chairman to advise other Directors of the intended course of action.

Closed Periods

The Company's policy regarding dealings by Directors, other key management personnel employees and consultants in the Company's shares is that they should never engage in short term trading and are prohibited from entering into transactions in the following circumstances:

- (a) when they are in possession of price sensitive information not yet released by the Company to the market; or
- (b) for a period of twenty-one (21) days prior to release by the Company of half-yearly and annual results ("closed period").

In relation to "price sensitive information", all Directors and other key management personnel will be conscious of the fact that as the Company is a listed company, it has an obligation under Chapter 3 of the ASX Listing Rules to make continuous disclosure. Briefly stated, that is an obligation to advise the market as soon as events and developments occur which result in the information that a reasonable person would expect to have a material effect on the price or value of the Company's shares.

The obligation is not absolute and there are a number of exceptions to when "price sensitive information" need not be disclosed, such as noted below.

Accordingly, there will be occasions where price sensitive information is in the possession of some or all of the Directors and other key management personnel and not yet released to the market, nor required to be released.

In relation to the half-yearly and annual results, it is apparent that the reporting of results will include financial information concerning the Company. That information will be collated by the Company's accountants based on management accounts. It is a fact that at some time before preparation of the audited half-yearly and annual results, some or all of the Directors or other key management personnel will have access to the financial figures based on the data coming from the management accounts. That being so such information may, in appropriate circumstances, be price sensitive information not yet released so that would probably be a situation when any Directors or other key management personnel in possession of such information could not deal in the Company's securities.



Prohibited Periods

Notwithstanding the existence of “closed periods”, the Company has also established policy in relation to “prohibited periods”. Prohibited periods encompass closed periods and any additional periods when Directors, other key management personnel employees and consultants are restricted from trading in the Company’s securities by directive from the Board at any time when the Company is considering a matter that might be subject to Listing Rule 3.1A (exceptions to the general continuous disclosure rule).

During a prohibited period Directors, other key management personnel, employees and consultants may, in “exceptional circumstances”, be permitted to trade with prior written clearance.

Exceptional circumstances include:

- (a) severe financial hardship requiring sale of securities;
- (b) court order, such as in a family settlement requiring transfer or sale of securities;
- (c) other circumstances specific to an individual which the Chairman (or, in the case of the Chairman, another Director) determines are exceptional.

The procedure for obtaining prior written clearance to trade during a prohibited period requires the Director, other key management personnel, employee or consultant to state a ‘request for approval of exceptional circumstances’ explanation, and duration for which clearance is sought, in memo format or by email and have that consented to by the Chairman (or another Director if the request is from the Chairman).

Directors are obliged pursuant to section 205G of the Corporations Act to provide the ASX with appropriate notifications of their interests in the Company’ securities and any changes in such interests. Notification is effected by the Company notifying the ASX in accordance with Listing Rule 3.19A.

In addition, any trading by a Director during a closed period will require the Company to state on the Appendix 3Y whether the trading occurred during a closed period and whether prior written clearance was provided and if so on what date.

Trading Windows

Directors, other key management personnel, employees and consultants will generally be permitted to engage in trading (subject to due notification being given to the Chairman) at the following times:

- (a) for a period commencing one (1) business day after the release of half-yearly and annual results to the market;
- (b) for a period commencing one (1) business day following the release of any price sensitive information to the market, which allows a reasonable period of time for the

information to be disseminated among members of the public on the basis that under the Corporations Act Directors and other key management personnel will only be protected following disclosure to the market of price sensitive information, if that information has become generally available. (The Corporations Act contains no specific definition, but does indicate that information is "generally available" if it has been made known in a manner that would or would be likely to bring it to the attention of persons who commonly buy and sell shares in companies of a kind whose price or value might be affected by the information that has been released.);

- (c) where the proposed acquisition of securities is under:
 - (i) a bonus issue made to all shareholders;
 - (ii) a dividend reinvestment or top-up plan available to all shareholders;
 - (iii) an employee share plan;
- (d) where trading results in no change in the beneficial interest in securities.

The Company's policy also generally prohibits Directors, other key management personnel, employees and consultants entering into transactions or arrangements which operate to limit the economic risk of their holdings in the Company's securities and any unvested entitlements under any equity-based compensation schemes.

** Under the ASX Listing Rules "key management personnel" has the meaning defined in the Accounting Standards (AASB 124 Related Party Disclosures) as 'those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.'*