



**MALABAR COAL LIMITED ABN 29 151 691 468 (COMPANY)**

**Security Dealing Policy**

**DATE: Wednesday, 17 April 2019**

## **B. Security Dealing Policy**

### **B. 1 Purpose of this Policy**

- (a) This trading policy (**Policy**) is intended to ensure that persons who are discharging managerial responsibilities do not abuse, and do not place themselves under suspicion of abusing, Inside Information that they may be thought to have, especially in periods leading up to an announcement by the Company.
- (b) The Policy sets out the procedure for Dealing in Securities and aims to provide Directors and Employees and any other persons who may be associated with the Company, with guidance on how and when Dealing in Securities may take place and when Dealing in Securities is strictly prohibited.
- (c) For the avoidance of doubt, nothing in this Policy sanctions a breach of the market misconduct or insider trading provisions of the *Corporations Act 2001* (Cth) (**Act**).
- (d) Defined terms are set out in section B. 19 of this Policy.

### **B. 2 Who this policy applies to**

This policy applies to Restricted Persons.

### **B. 3 Prohibition on Insider Trading**

No Restricted Person may Deal in Securities at any time if that person is, or could reasonably be expected to be, in possession of Inside Information.

### **B. 4 Dealing by Restricted Persons**

A Restricted Person who is not in possession of Inside Information may Deal in any Securities if:

- (1) it is an Excluded Dealing; or
- (2) if the Dealing is not short-term or speculative; and
  - (a) it is during a Dealing Window; or
  - (b) the Restricted Person has obtained Clearance to Deal in accordance with section B. 5 of this Policy.

### **B. 5 Clearance to Deal**

- (a) If a Restricted Person wishes to Deal in Securities outside a Dealing Window the Restricted Person must notify the relevant Clearance Officer (as set out in section B. 6) of the proposed Deal (**Dealing Request**) and receive clearance to Deal (**Clearance**), before Dealing in Securities.
- (b) The Clearance Officer must respond to a Dealing Request, within five Business Days of it being made.
- (c) The Company must maintain a record all Dealing Requests and responses. A copy of the Dealing Request and response must be given to the Restricted Person concerned.
- (d) A Restricted Person must Deal in the Securities as soon as possible or in any event within two Business Days of Clearance.

## B. 6 Clearance Officers

<b>Restricted Person</b>	<b>Clearance Officer</b>
Director (who is not the Chairperson)	Chairperson or the Designated Officer
Company Secretary	Chairperson or the Designated Officer
Chairperson	An Independent Director or if an Independent Director is not readily available a committee of the Board or the Designated Officer
Managing Director	Chairperson or the Designated Officer
Chief executive officer	Chairperson or the Designated Officer
All other Restricted Persons	Chairperson or the Designated Officer

## B. 7 Designated Officer

The Designated Officer who provides clearance to certain Restricted Persons to Deal in Securities is appointed by the Board and is currently the Chairperson of the Company. In the Chairperson's absence the Company Secretary will act as the Designated Officer.

## B. 8 Circumstances for refusal

A Restricted Person must not be given Clearance to Deal in Securities during a Prohibited Period unless an exceptional circumstance arises in accordance with section B. 9 of this Policy.

## B. 9 Dealing in exceptional circumstances

- (a) A Restricted Person may be given Clearance to sell Securities during a Prohibited Period if that person is in severe financial difficulty or there are other exceptional circumstances.
- (b) The relevant Clearance Officer will make the determination as to whether or not the person is in severe financial difficulty or there is an exceptional circumstance.
- (c) A person may be in severe financial difficulty if that person has a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant Securities. A liability of a person to pay tax would not normally constitute severe financial difficulty unless the person has no other means of satisfying the liability. A circumstance will be considered exceptional if the person in question is required by a court order to transfer or sell the Securities or there is some other overriding legal requirement to do so.

## B. 10 Communicating Inside Information

A Restricted Person in possession of Inside Information must not, directly or indirectly, communicate the Inside Information, or cause the Inside Information to be communicated, to another person if the Restricted Person ought to know, or ought reasonably to know, that the other person would be likely to Deal in the Securities.

#### B. 11 **Dealing by person associated with Restricted Persons**

- (a) A Restricted Person must take all reasonable steps to prevent an Associate of the Restricted Person from Dealing in the Securities during a Prohibited Period.
- (b) A Restricted Person must take reasonable steps to advise any Associate of the Restricted Person that:
  - i. he or she is a Restricted Person; and
  - ii. of the Prohibited Periods during which the Restricted Person and his or her Associates cannot Deal in the Securities.
- (c) A Restricted Person must immediately notify a Clearance Officer if he or she becomes aware of or suspects an Associate of Dealing in the Securities during a Prohibited Period.

#### B. 12 **Dealings in Securities of other companies**

A Restricted Person who has Inside Information about another company as a result of his or her position in the Company is prohibited from Dealing in the other company's securities or communicating the Inside Information. Set out below are some examples (without being exhaustive) of how, Inside Information about another company may be obtained:

- (1) during the course of a proposed transaction;
- (2) during the course of due diligence investigations;
- (3) Board deliberations;
- (4) negotiations; or
- (5) information provided by others during the ordinary course of business.

#### B. 13 **Penalties**

There are penalties under the Act for a breach of the insider trading provisions in the Act. Currently the maximum penalties under the Act are:

- (1) in the case of a natural person imprisonment of 10 years and/or a fine the higher of:
  - (a) 4,500 penalty units (\$945,000); and
  - (b) if the court can determine the total value of the benefits the person obtained, which are reasonably attributable to the commission of the offence, three times that value;
- (2) in the case of a body corporate, a fine the higher of the following:
  - (a) 45,000 penalty units (\$9.45 million);
  - (b) if the court can determine the total value of the benefits that have been obtained and are reasonably attributable to the commission of the offence, three times that value; and
  - (c) if the court cannot determine the total value of those benefits, 10% of the body corporate's annual turnover during the 12-month period ending in the month when the offence was committed; and
- (3) other civil penalties including disqualification orders.

#### B. 14 **Policy on Margin Loan Arrangements**

A Restricted Person may enter into a margin loan or similar funding arrangement in respect of the Securities (**Funding Arrangements**) but must disclose the existence, nature and terms of the Funding Arrangements to a Clearance Officer who shall notify the Board.

**B. 15 What is Inside Information?**

**Inside Information** is information that is not Generally Available and, if it were Generally Available, a reasonable person would expect it to have a Material Effect on either the price or the value of securities. Information includes matters of supposition, matters that are not sufficiently definite to warrant being made to the public and matters relating to the intentions, or likely intentions, of a person.

**B. 16 When is information Generally Available?**

Information is **Generally Available** if:

- (1) it consists of readily observable matter; or
- (2) where the information 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, a reasonable period for it to be disseminated among such persons has elapsed (for example, it has been published on the Company's web-site, released to ASIC, or published in the Company's annual report or prospectus); or
- (3) it may be deduced, inferred or concluded from the information referred to above.

**B. 17 What is a Material Effect?**

- (a) Material Effect, in relation to Inside Information, is where that information would, or would be likely to, influence persons who commonly acquire securities in deciding whether or not to acquire or dispose of securities of that nature.
- (b) Examples of information regarding the Company, which may have a Material Effect on the price or value of Securities when it becomes Generally Available, include:
  - i. the discovery a major ore body;
  - ii. disposal or acquisition of a major project or asset;
  - iii. information relating to a proposed dividend or share issue;
  - iv. threat of major litigation;
  - v. material changes in revenue, financial results, underlying assets;
  - vi. items of major capital expenditure;
  - vii. borrowings;
  - viii. any credit rating or re-rating;
  - ix. material changes in liquidity and cash flow;
  - x. management restructuring;
  - xi. changes in distribution arrangements;
  - xii. impending mergers and acquisitions, reconstructions or takeovers;
  - xiii. exploration results;
  - xiv. new product and technology; or
  - xv. Obtaining major regulatory approval.

**B. 18 What is Dealing in Securities?**

**Dealing** in Securities means applying for, acquiring or disposing of Securities, entering into an agreement to apply for acquire or dispose of Securities and procuring another person to apply for, acquire or dispose of Securities or enter into an agreement to apply for, acquire or dispose of Securities.

## B. 19 Definitions

### In this Policy:

**Act** means *Corporations Act 2001* (Cth) as amended from time to time.

**Associate** has the same meaning as set out in section 50 of the Act.

**ASIC** means the Australian Securities and Investments Commission .

**Blackout Period** means any period commencing one week before and one Business Days after lodgement of the Company's half yearly and annual reports to with ASIC.

**Board** means board of the Company.

**Business Day** means a day, other than a Saturday or Sunday, on which banks are open for general banking business in Sydney.

**Chairperson** means the chairperson of the Board.

**Clearance** means clearance to Deal in Securities given by a relevant Clearance Officer to a Restricted Person in response to a Dealing Request under section B. 5 of this Policy.

**Company** means Malabar Coal Limited ABN 29 151 691 468 and any of its subsidiaries.

**Company Secretary** means the company secretary of Company.

**Dealing** has the meaning set out in section B. 18 of this Policy.

**Dealing Request** means a request to Deal in Securities made by a Restricted Person under section B. 4 of this Policy.

**Dealing Window** means the period other than the Blackout Period.

**Designated Officer** means an officer who been has designated the responsibility of providing clearance to certain Restricted Persons to Deal in Securities by the Board.

**Director** means a director of the Company.

**Employee** means an individual who works for the Company under a contract of employment and includes senior management, management and contractors.

**Excluded Dealings** means:

- (1) transfers of Securities held by a Restricted Person in a superannuation fund or other saving scheme in which the Restricted Person is a beneficiary;
- (2) in the event the Restricted Person is a trustee of a trust but is not a beneficiary of the trust, Dealing by the trustee provided any decision to Deal during a Prohibited Period is taken by the other trustees or investment manager independently of the Restricted Person;
- (3) undertakings to accept, or the acceptance of, a takeover offer;
- (4) Dealing under an offer or invitation made to all or most other Security holders, such as a pro-rata rights issue, a security purchase plan, a dividend or distribution reinvestment plan that determines the timing and structure of the offer has been approved by the Board (which includes decisions relating to whether or not to take up entitlements and the sale of entitlements required to provide for the take up of the balance of the entitlements required to provide for the take up of the balance of the entitlements under a renounceable pro-rata issue);
- (5) disposals by a secured lender exercising their rights, for example, under an approved Funding Arrangement;
- (6) the exercise of (but not the sale of Securities following exercise) an option or right under an incentive scheme or the conversion of a convertible security, where the final date for the exercise or conversion falls during a Prohibited Period;
- (7) the cancellation or surrender of an option under an employees' share scheme;

(8) Dealing under a non-discretionary trading plan for which prior written clearance has been provided by the relevant Clearance Officer, provided the Restricted Person did not enter into the plan or amend the plan during a Prohibited Period other than in exceptional circumstances.

**Funding Arrangements** has the meaning set out in section B. 14.

**Generally Available** has the meaning set out in section B. 16 of this Policy.

**Independent Director** means an independent director of the Company.

**Inside Information** has the meaning set out in section 1042A of the Act (summarised in section B. 15 of this Policy.)

**Managing Director** means the managing director of the Company.

**Material Effect** has the meaning set out in section B. 17 of this Policy.

**Procure** means to incite, induce or encourage an act or omission by another person.

**Prohibited Period** means any Blackout Period and any other period determined by the Board to be a prohibited period.

**Restricted Person** means any person discharging managerial responsibilities for the Company, including but not limited to:

- (1) Directors;
- (2) senior management;
- (3) management;
- (4) employees;
- (5) contractors;
- (6) other persons specified from time to time by the Chief Executive Officer or Managing Director (if any); and
- (7) any Associate of a person referred in paragraphs (1) (2) (3) (4) above, of the Company.

**RG 198** means ASIC's Regulatory Guide 198 titled "Unlisted disclosing entities: Continuous disclosure obligations", as amended from time to time.

**Securities** means all securities issued by the Company of any kind including ordinary shares, preference shares, debentures, convertible notes, options, hedging mechanisms or derivatives instruments and legal or equitable interests in securities issued by the Company and rights (whether existing or future and whether contingent or not) to acquire securities issued by the Company.

Subject to the above, the following table sets out the rules for Dealing in Securities:

Never Allowed to Deal	Allowed to Deal (Dealing Windows)	Allowed to Deal but only with prior Clearance from a Clearance Officer
<p>A Restricted Person must not Deal in Securities:</p> <ul style="list-style-type: none"> <li>if they are in possession of Inside Information, or</li> <li>outside a Dealing Window, unless Clearance has been given.</li> </ul>	<p>A Restricted Person may Deal in Securities if it is an Excluded Dealing.</p> <p>A Restricted Person may Deal in Securities in the Dealing Window, provided that they are personally satisfied that they are not in possession of Inside Information and the Dealing is not short term or speculative.</p>	<p>Restricted Persons may Deal in Securities outside a Dealing Window if:</p> <ul style="list-style-type: none"> <li>they are personally satisfied that they are not in possession of Inside Information; and</li> <li>they seek and receive Clearance from the relevant Clearance Officer.</li> </ul>

### Clearance to Deal Flowchart

