

**Mount Gibson Iron Limited**  
**Corporate Governance Policies and Practices Manual**  
**Policy on Key Management Personnel Dealing in Securities**  
**Adopted by the Board on 7 November 2017**

**1 Introduction**

- 1.1 This Policy applies to Key Management Personnel of Mount Gibson Iron Limited (“Company”) and its controlled entities. The Policy restricts dealings by Key Management Personnel in securities of the Company. Employees generally should also refer to the Employee Code of Conduct which provides guidance in respect of issues to be considered when dealing in securities of the Company.
- 1.2 “Key Management Personnel” has the meaning given in the ASX Listing Rules (which adopts the definition in Accounting Standard AASB 124, Related Party Disclosure). The definition catches people who have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including Directors (both executive and non-executive).
- 1.3 A copy of this Policy will be provided to all of the Company’s Key Management Personnel as part of the Company’s induction procedures. A copy can also be found on the Company’s website.
- 1.4 References in this document to the “Managing Director” are also taken to include a person acting in the role of “Chief Executive Officer”.

**2 Objectives**

- 2.1 The objectives of this Policy are to:
- (a) minimise the risk of Key Management Personnel contravening the laws against insider trading;
  - (b) ensure the Company is able to meet its reporting obligations under the ASX Listing Rules; and
  - (c) ensure transparency of dealings in the Company’s securities by Key Management Personnel, and maintain the confidence of investors in the integrity of the Company’s leadership and governance.
- 2.2 To achieve these objectives, this Policy will be binding on Key Management Personnel in the absence of specific exemption by the Board.

**3 Dealing in Securities – Legal and Other Considerations**

- 3.1 Key Management Personnel (and their related entities or associates) are subject to the prohibition on insider trading, under Part 7.10, Division 3 of the Corporations Act.
- 3.2 The key provision in Part 7.10, Division 3 is section 1043A, which prohibits anyone in possession of “inside information” in relation to the Company’s securities from:

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- (a) dealing in the securities; or
  - (b) communicating the information to others who might deal in the securities.
- 3.3 “Inside information” means information that:
- (a) is not generally available; and
  - (b) if generally available, would be expected by a reasonable person to have a material effect on the price or value of securities in the Company (ie is “price-sensitive”).
- 3.4 Key Management Personnel of the Company will from time to time be in a situation where they are in possession of inside information – for example, in:
- (a) the period prior to release of annual or half-yearly results to ASX Limited (“ASX”);
  - (b) the period during which a major transaction is being negotiated; or
  - (c) the period prior to release of exploration results/assays.
- 3.5 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 immediately to ASX all information that may affect the value of their securities, subject to certain limited exceptions. The insider trading provisions and the continuous disclosure provisions use the same tests to determine whether information is price-sensitive. Because price-sensitive information is required to be disclosed via continuous disclosure, there is less scope for Key Management Personnel to be in possession of price-sensitive information which is not generally available.
- 3.6 However, the continuous disclosure regime does not eliminate all risk of insider trading. Key Management Personnel may still be in possession of price-sensitive inside information in a range of situations, including the following:
- (a) The ASX Listing Rules and the Corporations Act permit companies to withhold certain information from continuous disclosure, for example in the situation where an acquisition is being negotiated and remains confidential.
  - (b) In the case of a Director, information may be known to a particular Director but not yet communicated to management or the Board.
  - (c) The Company may not yet have complied with its continuous disclosure obligations in relation to a particular event or circumstance. Despite the requirement for immediate disclosure, there will in practice always be some element of delay (however short) in issuing an announcement.

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- (d) Key Management Personnel will generally have a better feel for the performance of the Company than the public.
- 3.7 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 Key Management Personnel concerned.
- 3.8 In addition to the insider trading and other restrictions in this Policy, Key Management Personnel also owe a duty of confidentiality to the Company and must not reveal any confidential information concerning the Company, use that information in any way which may injure or cause loss to the Company, or use that information to gain an advantage for themselves. Under the Corporations Act, breach of these duties may result in:
- (a) liability for a civil penalty;
- (b) criminal liability, if recklessness or dishonesty is involved; and/or
- (c) liability to compensate the Company for any damage that it suffers as a result of the disclosure or use of confidential information.
- 3.9 Another circumstance that must be guarded against is where one or more members of Key Management Personnel are aware of an event or circumstance and the remaining Key Management Personnel are not yet aware. In such a circumstance it is important that no Key Management Personnel deal in securities because:
- (a) 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
- (b) of the potential for such circumstances to reflect badly on the Company.
- 3.10 For these reasons, the advice of the Company Secretary should be sought prior to any proposed dealings in the Company's securities taking place. It is important to remember that although this Policy only applies to Key Management Personnel, the prohibitions against insider trading set out under Part 7.10, Division 3 of the Corporations Act apply to **anyone** who is in possession of inside information.

#### **4 Consequences of Breach**

- 4.1 Strict compliance with this policy is mandatory for all Key Management Personnel.
- 4.2 Contravention of the Corporations Act is a serious matter which may result in criminal or civil liability for Key Management Personnel.
- 4.3 Breaches of this policy may damage the Company's reputation in the investment community and undermine confidence in the market for the Company's securities. Accordingly, breaches

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will be taken very seriously by the Company and will be subject to disciplinary action, including possible termination of a person's employment or appointment.

**5 Policy – Dealing in Securities**

- 5.1 Key Management Personnel must not at any time engage in short-term trading in the Company's securities. For the purpose of this paragraph 5.1, short-term trading means the buying and selling of the same Company securities within a 3-month period.
- 5.2 Key Management Personnel must not communicate price-sensitive information to a person who may deal in the Company's securities.
- 5.3 Key Management Personnel should not recommend or otherwise suggest to any person (including a spouse, relative, friend, trustee of a family trust or directors of a family company) the buying or selling of the Company's securities.
- 5.4 Key Management Personnel can deal in the Company's securities where, prior to dealing:
- (a) They have not been made aware of any closed period (as defined in paragraph 6.1), including any closed period that may have been imposed by the Company from time to time when the Company Secretary, the Managing Director or the Board (as the case may be) is considering matters which are subject to ASX Listing Rule 3.1A in accordance with the Company's Continuous Disclosure and ASX Announcements Policy.
  - (b) They have satisfied themselves that they are not in possession of any price-sensitive information that is not generally available to the public.
  - (c) They have contacted the Chairman or, in his absence, the Company Secretary and notified them of their intention to deal in securities and the Chairman or Company Secretary gives them prior written clearance to do so.
  - (d) Where the Chairman wishes to deal in securities, he or she has contacted two independent Non-Executive Directors and the Company Secretary, and the Company Secretary, in consultation with the two Non-Executive Directors, gives the Chairman prior written clearance to do so.
- 5.5 Dealing in securities of the Company on behalf of Key Management Personnel may take place under a non-discretionary trading plan, if (but only if):
- (a) the trading plan does not permit the member of Key Management Personnel to exercise any influence or discretion over how, when or whether to trade;
  - (b) the terms of the trading plan do not allow the plan to be:

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- (i) cancelled during a closed period (as defined in paragraph 6.1), except where prior written clearance is obtained under paragraph 6.3; or
- (ii) amended during a closed period; and
- (c) prior written clearance for entering into the plan has been obtained in the manner specified in paragraph 5.4. Clearance must not be given for entering into a trading plan during a closed period.

5.6 Key Management Personnel are not permitted to deal at any time in:

- (a) Financial products such as options, futures and warrants issued or created over or in respect of the Company's securities by third parties such as banks and other financial institutions. An exception may apply where the Company's securities form a component of a listed portfolio or equity product.
- (b) Products associated with the Company's securities which operate to limit the economic risk of their holding of securities in the Company over unvested entitlements under equity-based remuneration plans (eg hedging arrangements). These arrangements are prohibited by section 206J of the Corporations Act. Breach of the prohibition is an offence.

5.7 Key Management Personnel:

- (a) must not enter into any margin lending or similar arrangement under which a third party has any right or contingent right to dispose of their securities in the Company, other than under an employee Loan Share Plan; but
- (b) may use their securities in the Company as security for other borrowings, if (but only if) they have obtained prior written clearance as specified in paragraph 5.4.

5.8 The Company Secretary is responsible for keeping the Chairman apprised of all matters relevant to the application of this Policy.

## **6 Closed Periods**

6.1 The Chairman (or the Company Secretary) will not allow Key Management Personnel to deal in the Company's securities as a matter of course in the following periods ("closed periods"):

- (a) Within the period of 1 month prior to the release of annual or half-yearly results.
- (b) Within the period of 1 month prior to the issue of a prospectus.
- (c) Where there is in existence price-sensitive information that has not been disclosed because of an exception under ASX Listing Rule 3.1A, in accordance with the Company's Continuous Disclosure and ASX Announcements Policy.

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- 6.2 Key Management Personnel should wait at least 1 business day after the relevant release, issue or disclosure before dealing in securities so that the market has had time to absorb the information.
- 6.3 In specific circumstances, however, Key Management Personnel may be given prior written clearance (which clearance may be given by means of electronic communication such as email) from the Chairman (or the Company Secretary) during the above closed periods (which clearance is subject to the absolute discretion of the Chairman or the Company Secretary as the case may be), on the condition that the relevant member of Key Management Personnel can demonstrate (including providing any required supporting documentation) that they are not in possession of any price-sensitive information that is not generally available to the public and that:
- (a) they are suffering severe financial hardship such that dealing in securities is the only reasonable course of action available (for example, selling the securities is the only way to satisfy a pressing financial commitment); or
  - (b) other exceptional circumstances exist, such that dealing in securities is the only reasonable course of action available. Such circumstances may include, for example, circumstances that compel the Key Management Personnel to deal in securities, such as a court order, a bona fide enforceable undertaking to a court or other legal or regulatory requirement.
- 6.4 If the written clearance is sought by the Company's Chairman, then the written clearance must be approved by two independent Non-Executive Directors and the procedure under paragraph 6.3 will apply as if the references to the Chairman were references to the two independent Non-Executive Directors.

**7 Key Management Personnel – Notification of dealings in Company securities**

- 7.1 To obtain prior written clearance under this Policy, Key Management Personnel must apply in writing to the appropriate person (see paragraph 5.4 above) confirming that they wish to trade in the Company's securities.
- 7.2 The recipient of the application for prior written clearance under this Policy may discuss the application for written clearance and consult with the members of the Board as they consider necessary.
- 7.3 The written application, as well as any written clearance given under this Policy, may be given by means of electronic communication such as email.
- 7.4 Any dealing given prior written clearance must take place within 7 days of the written clearance being given or such shorter time as is specified in the written clearance. If the dealing does not take place within that timeframe, a new written clearance must be applied for and obtained prior to the dealing taking place.

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- 7.5 Subsequent to dealing in the Company's securities, Key Management Personnel must immediately complete and provide to the Company Secretary a Notice of Securities. This Notice will include the following information:
- (a) The name of the person by whom or company by which the Company's securities are or were held.
  - (b) The date of the dealing.
  - (c) The number of the Company's securities subscribed for, bought or sold.
  - (d) The amount paid or received for those securities of the Company.
  - (e) The number of the Company's securities held (directly or indirectly) after the dealing.

**8 Key Management Personnel – Notification of Dealings in Securities – Legal and Other Considerations**

- 8.1 ASX Listing Rules 3.19A and 3.19B require the Company to notify dealing in securities by Directors within 5 business days. Three appendices are included in the ASX Listing Rules for the purpose of the relevant notifications, being 3X Initial Director's Interest Notice, 3Y Change of Director's Interest Notice and 3Z Final Director's Interest Notice.
- 8.2 Section 205G of the Corporations Act 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 ASX Listing Rules 3.19A and 3.19B. The Company can only give this notification if the Director informs the Company of the acquisition or disposal in accordance with paragraph 7.5 of this Policy.
- 8.3 Directors have entered into an agreement with the Company under which they are obliged to notify changes in interests in shares and other relevant matters to the Company. Notifications should be made to the Company Secretary.
- 8.4 Other Key Management Personnel are required to notify the Chairman, or in his absence, the Company Secretary of any dealings in securities within 5 business days.

**9 Certain trading excluded from Policy**

- 9.1 Subject to the insider trading provisions in Part 7.10, Division 3 of the Corporations Act (see section 3 above), the restrictions on trading do not apply in relation to the following dealings in the Company's securities to the extent specified below:
- (a) Transferring the Company's securities to a superannuation fund or other saving scheme in which the member of Key Management Personnel is a beneficiary.

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- (b) Investing in, or trading in units of, a fund or other scheme (other than a scheme investing only in the Company's securities) where the assets of the fund or other scheme are invested at the discretion of a third party.
- (c) Where the member of Key Management Personnel is a trustee, trading in the Company's securities by that trust provided the member of Key Management Personnel is not a beneficiary of the trust and any decision to trade during a closed period is taken by the other trustees or by the investment managers independently of the Key Management Personnel.
- (d) Accepting (or undertaking to accept) an offer under a takeover bid, disposing of the Company's securities under a scheme of arrangement or agreeing to cancel options over unissued securities in conjunction with a change of control transaction.
- (e) Trading under an offer or invitation made to all or most of the Company's security holders, such as:
  - (i) a rights issue;
  - (ii) a security purchase plan;
  - (iii) a dividend reinvestment plan; and
  - (iv) an equal access buyback,where the Board has approved the structure and timing of the offer or invitation.
- (f) Disposing of the Company's securities as a result of a secured lender exercising their rights to realize a security, if prior written clearance for the giving of the security has been obtained under paragraph 5.7.
- (g) Exercising (but not selling following exercise) an option or right under an employee incentive scheme, or converting a convertible security, where:
  - (i) the final date for the exercise of the option or right, or the conversion of the security, falls during a closed period;
  - (ii) the Company has been in an exceptionally long closed period or the Company has had a number of consecutive closed periods; and
  - (iii) the member of Key Management Personnel could not reasonably have been expected to exercise it at a time when free to do so.

**10 Interpretation**

10.1 For the purposes of this Policy:



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- (a) “deal in securities” means apply for, 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 either directly or through a family trust, superannuation fund, company or in any other manner. It also includes procuring another person to do any of these things.
- (b) “Director” means an executive or non-executive director of Mount Gibson Iron Limited or any of its controlled entities and includes any related party of such director.
- (c) “inside information” means information that:
  - (i) Is not generally available; but
  - (ii) If it was generally available, would be expected by a reasonable person to have a material effect on the price or value of the Company’s securities.

A reasonable person would be taken to expect information to have a material effect on the price or value of securities of a company if (and only if) the 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 company.

- (d) “insider trading” includes:
  - (i) dealing in securities whilst in possession of inside information; or
  - (ii) communicating inside information to another person, where the person communicating knows or ought reasonably to know that the other person would, or would be likely to, use that information to deal in or procure someone else to deal in securities (known as “tipping”).
- (e) “price-sensitive” has the meaning given in paragraph 3.3.
- (f) “securities” means:
  - (i) the Company’s securities; and
  - (ii) securities of other companies such as joint venture participants or other parties involved in a corporate transaction (or involved in discussions or negotiations about a corporate transaction) with the Company or Company contractor or shareholder.

10.2 For the purposes of this Policy, references to a “dealing” by Key Management Personnel includes associates (as defined in sections 10 to 17 of the Corporations Act) of Key Management Personnel dealing in securities. It is incumbent on each member of Key Management Personnel to ensure that an associate does not deal in circumstances where the dealing could be attributed to the member concerned.

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- 10.3 Individuals who contravene the insider trading provisions of the Act are liable to prosecution or to civil penalty action by the Australian Securities and Investments Commission. In a criminal prosecution, the maximum penalty for an individual is \$765,000 or three times the gain made and/or 10 years imprisonment. In a civil penalty proceeding, a penalty of up to \$200,000 may be imposed. In both cases the offender may be ordered to pay compensation to anyone who suffered loss as a result of insider trading.