



# Security Trading Policy

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## Dealings by Directors and Key Management Personnel in Securities of Cockatoo Coal Limited

### 1. Overview

This statement sets out the policy of Cockatoo Coal Limited ('Cockatoo ') for directors and key management personnel dealing in Securities of Cockatoo. It summarises the law relating to insider trading and sets trading windows when directors and key management personnel may be entitled to trade.

For the purposes of this policy "Securities" means shares and other instruments considered to be a security for the purposes of the Corporations Act. The definition of a Security is complex and includes not only ordinary shares but also derivative instruments such as exchange traded options and warrants.

If you are in any doubt as to whether or not any instrument you wish to trade is a Security, or how this policy may affect you, should seek assistance from the Company Secretary before trading.

### 2. Insider Trading

If you have price sensitive information relating to Cockatoo (including any company within the Cockatoo Group) which has not been published or which is not otherwise generally available, it is illegal for you to:

- (a) buy, sell or otherwise deal in Cockatoo Securities;
- (b) advise, procure or encourage another person (including, but without limitation, a relative, friend, family company or trust) to deal in Cockatoo Securities; or
- (c) pass on information to any other person if you know or reasonably know that the person may use the information to deal (or procure another person to deal) in Cockatoo Securities.

It is the responsibility of each director and key management personnel (**not the Company**) to ensure that they do not do any of the things prohibited by insider trading laws. The consequences for breach of this law can include both civil and criminal penalties.

### 3. What is Price Sensitive Information?

Price-sensitive information means information relating to Cockatoo or any company in the Cockatoo Group that would, if the information were publicly known, be likely to:

- (d) have a material effect on the price or value of Cockatoo Securities; or
- (e) influence persons who commonly invest in Securities in deciding whether or not to buy or sell Cockatoo Securities.

Examples of possible price-sensitive information include, but are not limited to:

- (a) the financial performance of Cockatoo against its budget;
- (b) entry into or termination of a material contract (such as a major joint venture);
- (c) a material acquisition or sale of assets by Cockatoo;
- (d) an actual or proposed takeover or merger;
- (e) an actual or proposed change to the Cockatoo's capital structure;
- (f) a proposed dividend or a change in dividend policy; or
- (g) a material claim against Cockatoo or other unexpected liability.

### 4. When is the Information "Generally Available"?

- (h) it consists of readily observable matter;
- (i) it has been made known in a manner likely to bring the information to the attention of people who commonly invest in Securities of a kind whose price or value 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;
- (j) it is derived from information which has been made public; or
- (k) it consists of observations, deductions, conclusions or inferences made or drawn from other generally available information.

## 5. Consequences for Breach of the Insider Trading Prohibition

Breach of the insider trading prohibition could expose you to criminal and civil liability. Breach of insider trading laws or this policy will also be regarded by Cockatoo as serious misconduct which may lead to disciplinary action and/or dismissal.

## 6. Dealing in Shares of Other Companies

If you have “price sensitive information” relating to a company other than Cockatoo which is not “generally available” the same insider trading rules outlined above apply to buying and selling Securities in that company. In the course of performing your duties as an employee of Cockatoo, you may obtain price sensitive information relating to another company in a variety of circumstances. Examples include, but are not limited to the following:

- (l) another company may provide price sensitive information about itself to Cockatoo in the course of a proposed transaction;
- (m) another company with whom Cockatoo is dealing may provide price sensitive information about a third company; or
- (n) information concerning Cockatoo or actions which may be taken by Cockatoo (e.g. a planned transaction or strategic change) could reasonably have an effect on a third party company.

Apart from the application of the insider trading rules to Securities in other companies, directors and key management personnel are also bound by a duty of confidentiality in relation to information obtained in the course of their duties in respect of third parties.

## 7. Limitation Periods for Buying and Selling Securities – Trading Windows

Whilst it is unlawful to trade at any time if a director or key management personnel has inside information, there are other periods when trading by directors and key management personnel who generally have access to non-public information is unwise due to the perception that they may possess price sensitive information that is not generally available. For this reason, Cockatoo has limited the times when directors and key management personnel may buy or sell Securities. These periods are limited to a period of 45 days after the release of the half year results, full year results and the holding of the annual general meeting. Other periods are closed periods in which directors and key management personnel are prohibited from trading in the Company's Securities.

The following trading is excluded from the restrictions of this trading policy:

- an acquisition of Securities or disposal of rights acquired under a pro rata issue;
- a disposal of Securities arising from the acceptance of a takeover offer, scheme of arrangement or equal access buy-back;
- an acquisition of Securities under a security purchase plan;

- transfers of Securities between a key management person and someone or an entity closely related to the key management person (such as a spouse, minor child, family company or trust, or self-managed superannuation fund);
- the applications for or exercise of options or rights issued under an employee or executive incentive plan in accordance with section 9 of this policy;

It is recognised that a person in severe financial hardship or other exceptional circumstances may need to dispose of Securities outside the specified windows. In such cases any director or key management personnel is required to seek the prior written approval of the Chairman who may approve the transaction with respect to the exceptional circumstances. Alternatively, the exception relating to the Employee or Executive Incentive Plan set out in section 9 of this policy may apply. Any approval or exception is subject to the overriding obligation of the director or key management person to comply with insider trading laws and the obligations under listing rules 12.9, 12.10 and 12.12.

## **8. ASX Notification by Directors**

Directors are required to notify the Company and the Australian Securities Exchange (ASX) of any change to their holding of relevant interests in financial products of Cockatoo. Whilst the Corporations Act requires directors to notify the ASX of any changes to their holdings within 14 days, Cockatoo is required under the Listing Rules to notify these changes to the ASX within five business days of the change. To enable Cockatoo to comply with this, directors must furnish the relevant information within 3 business days to the Company Secretary who will facilitate the transmission of these notifications to the ASX.

## **9. Employee or Executive Incentive Plans**

Insider trading does not apply to applications for or exercise of Securities under employee or executive incentive plans.

The exercising of options or rights issued under an employee or executive incentive plan are exempt of the limitation periods as outlined in section 7 of this policy.

However, insider trading rules and this policy do apply in relation to the subsequent disposal of any Securities acquired under an option or right. Where a director or employee exercises options or rights while in the possession of price sensitive information, he/she will have to fund the exercise of the options or rights without the financial assistance of a simultaneous sale of some or all shares just acquired.

If the options or rights expire inside a trading window described in section 7 of this policy, then a director or key management person may simultaneously exercise and sell any Securities subject always to compliance with insider trading laws.

## **10. Prohibition on Hedging**

Directors and key management personnel must not engage in hedging arrangements (including, for example, the use of put and call options or other derivative instruments) over unvested Securities issued pursuant to any employee or executive option plan. In addition, any hedging over vested Securities must comply with this Policy.

## **11. Margin Lending and Other Secured Financing Arrangements**

Directors and key management personnel must disclose to the Board any margin lending or secured financing arrangements he or she may have relating to the Company's Securities.

## **12. Additional Information**

If you have any questions relating to Cockatoo's share trading policy, contact the Company Secretary at Cockatoo Coal Limited's head office.

