

Great Divide Mining Limited - Trading Policy

Great Divide Mining Limited (Company) - Trading Policy

1.1 Purpose of this policy

- (a) This trading policy (**Policy**) is intended to ensure that persons who are discharging managerial responsibilities including but not limited to Directors, 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 of the Company.
- (b) The Policy sets out the procedure for trading in Securities of the Company and aims to provide Directors and Employees and any other persons who may be associated with the Company, with guidance on how and when trades in the Company's Securities may take place and when trading of the Company's 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. A person who possesses Inside Information about an entity's securities is generally prohibited from trading in those securities under the insider trading provisions of the Corporations Act and this applies even where the trade occurs as permitted within the operation of this policy.
- (d) References to the Company in this Policy are references to the Company and its subsidiaries.
- (e) Defined terms are set out in clause 1.21 of this Policy.

1.2 Who this policy applies to

This policy applies to Restricted Persons.

1.3 Dealing by Restricted Persons

- (a) A Restricted Person must not Deal in any Securities of the Company unless:
 - (1) a clearance to Deal is obtained in accordance with clause 1.4 of this Policy; or
 - (2) the Dealing is an Excluded Dealing.
- (b) Notwithstanding that a clearance to Deal may be granted by the Company (even in exceptional circumstances) or that a Dealing may be an Excluded Dealing, a Restricted Person must not Deal in Company Securities where clauses 1.7 (Inside Information), 1.14 (short-term selling), 1.15 (short selling) and 1.16 (hedging transactions) of this Policy are applicable.

1.4 Clearance to Deal

- (a) All Restricted Persons (except those who are Directors, the Chief Executive Officer or the Company Secretary) must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first notifying the Company Secretary and a Director designated by the Board for this purpose and receiving clearance to Deal from the designated Director or the Company Secretary.
- (b) A Director (other than the Chairperson or a Managing Director or Chief Executive Officer) must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first notifying the Chairperson (or a Director designated by the Board for this purpose) and the Company Secretary and receiving clearance to Deal from the Chairperson (or the designated Director) (or the Company Secretary on their behalf).

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- (c) The Chairperson must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first notifying the Managing Director (or Chief Executive Officer) and the Company Secretary and receiving clearance to Deal from the Managing Director (or Chief Executive Officer) (or the Company Secretary on their behalf) or, if the Managing Director (or Chief Executive Officer) is not readily available, without first notifying a senior independent Director, a committee of the Board established for that purpose or another officer of the Company nominated for that purpose by the Managing Director (or Chief Executive Officer), and receiving clearance to Deal from that Director, committee or officer (or the Company Secretary on their behalf).
- (d) The Managing Director (or Chief Executive Officer) must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first notifying the Chairperson and the Company Secretary and receiving clearance to Deal from the Chairperson (or the Company Secretary on their behalf) or, if the Chairperson is not readily available, without first notifying the senior independent Director, a committee of the Board established for that purpose or another officer of the Company nominated for that purpose by the Chairperson, and receiving clearance to Deal from that Director, committee or officer (or the Company Secretary on their behalf).
- (e) If the role of Chairperson and Managing Director (or Chief Executive Officer) are combined, that person must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first notifying the Board and the Company Secretary and receiving clearance to Deal from the Board (or the Company Secretary on its behalf).
- (f) The Company Secretary must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first notifying the Chairperson and receiving clearance to Deal from the Chairperson (or another officer of the Company nominated for that purpose by the Chairperson) or if the Chairperson is not readily available, without first notifying the senior independent Director, a committee of the Board established for that purpose or another officer of the Company nominated for that purpose by the Chairperson, and receiving clearance to Deal from that Director, committee or officer.
- (g) The Company reserves the right of a Clearance Officer to:
- (1) give or refuse a request for a clearance to Deal at its sole discretion and without giving any reasons; or
 - (2) withdraw a clearance to Deal if there is a change in circumstances or new information becomes available.
- (h) A response to a request for a clearance to Deal must be given to the relevant Restricted Person within two Business Days of the request being made.
- (i) The Company must maintain a record of the response to a request for a clearance to Deal made by a Restricted Person and of any clearance given. A copy of the response and clearance (if any) must be given to the Restricted Person concerned.
- (j) A Restricted Person who is given a clearance to Deal in accordance with this clause 1.4 must deal as soon as possible in any event within five Business Days of clearance being received by the Restricted Person.
- (k) The grant of a clearance to Deal by the Company is not an endorsement of the Dealing by the Company. The person seeking the clearance to Deal is solely responsible for the investment decision to Deal in Securities in the Company and compliance with insider trading laws.
- (l) The grant of a clearance to Deal by the Company does not relieve a Restricted Person from their legal obligations under the insider trading provisions of the Corporations Act.

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The person granted the clearance to Deal should carefully consider whether or not they are in possession of Inside Information that might preclude them from trading in those Securities and if they are in possession of Inside Information (including if they come into possession of Inside Information after obtaining a clearance to Deal), then they must not trade despite having received the clearance.

- (m) Before a Restricted Person Deals in the Company's Securities (even if it is an Excluded Dealing), they should consider carefully whether they are in possession of any Inside Information that might preclude them from trading at that time and, if in any doubt, they should not trade.
- (n) A refusal by a Clearance Officer to give a clearance to Deal is final and binding on the person seeking the clearance.
- (o) Where the Company refuses to give a clearance to Deal, this information is confidential between the Company and the person seeking the clearance and must not be disclosed to any other person.
- (p) In complying with the obligations under this section 1.4, reference should be made to the Clearance to Deal flowchart.

1.5 Circumstances for refusal

A Restricted Person must not be given clearance to Deal in any Securities of the Company during a Prohibited Period unless an exceptional circumstance arises in accordance with clause 1.6 of this Policy.

1.6 Dealing in exceptional circumstances

- (a) A Restricted Person, who is not in possession of Inside Information in relation to the Company, may be given clearance to Deal during a Prohibited Period if that person is in severe financial difficulty or there are other exceptional circumstances. Clearance may be given for such a person to sell (but not purchase) Securities of the Company when that person would otherwise be prohibited by this Policy from doing so. The determination of whether the person in question is in severe financial difficulty or whether there are other exceptional circumstances can only be made by the Clearance Officer designated by the Board for this purpose under clause 1.4.
- (b) 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 of the Company. 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 of the Company or there is some other overriding legal requirement to do so.
- (c) If required by the Listing Rules, the Company should consult the ASX at an early stage regarding any application by a Restricted Person to deal in exceptional circumstances.

1.7 Prohibition on Insider Trading

No Restricted Person may Deal in Company Securities at any time (including a Prohibited Period), if that person is or could reasonably be expected to be in possession of Inside Information.

1.8 Communicating Inside Information

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

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1.9 Dealing by persons and entities associated with Restricted Persons

- (a) A Restricted Person must take all reasonable steps to prevent an Associate, Related Person or Related Entity of the Restricted Person from Dealing in the Company's Securities during a Prohibited Period.
- (b) A Restricted Person must take reasonable steps to advise any Associate, Related Person or Related Entity of the Restricted Person that:
 - (1) they are a Restricted Person of the Company; and
 - (2) of the Prohibited Periods during which the Associate, Related Person or Related Entity cannot Deal in the Company's Securities.
- (c) A Restricted Person must immediately notify a Clearance Officer if he or she becomes aware of or suspects an Associate, Related Person or Related Entity of Dealing in the Company's Securities during a Prohibited Period.

1.10 Disclosure of Dealings by Directors and substantial shareholders

- (a) In accordance with section 250G of the Corporations Act and ASX Listing Rule 3.19A, Directors must notify the ASX of any Dealings (whether in a Prohibited Period or otherwise) in the Company's Securities within five Business Days of such Dealing.
- (b) To the extent required to do so under the Listing Rules, the Company will disclose to the market when a Restricted Person has been given a clearance to Deal during a Prohibited Period.
- (c) In accordance with section 671B of the Corporations Act, a Restricted Person must notify the Company and the ASX if he or she:
 - (1) has obtained a Substantial Holding in the Company;
 - (2) already holds a Substantial Holding - if he or she increases or decreases that Substantial Holding by at least 1%; or
 - (3) ceases to hold a Substantial Holding,such notice to be provided within two Business Days of becoming aware of that information.

1.11 Dealings in Securities of other companies

A Restricted Person who has Inside Information about another Third Party Listed Entity as a result of his or her position in the Company is prohibited from:

- (a) dealing in any Securities of that Third Party Listed Entity unless a clearance to Deal is obtained in accordance with clause 1.4 of this Policy; or
- (b) communicating the Inside Information.

Examples (without being exhaustive) of how Inside Information about a Third Party Listed Entity may be obtained are as follows:

- (a) during the course of a proposed transaction;
- (b) during the course of due diligence investigations;
- (c) Board deliberations;
- (d) negotiations; or

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- (e) information provided by others during the ordinary course of business.

1.12 Penalties

- (a) There are penalties under the Corporations Act for a breach of Insider Trading provisions under the Corporations Act. As at the date of adoption of this Policy, the penalties under the Corporations Act include:
 - (1) in the case of a natural person imprisonment of fifteen years or a fine the higher of:
 - (A) 4,500 penalty units (\$945,000 as at the date of adoption of this Policy); 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 total value;
 - (2) in the case of a body corporate, a fine the greater of the following:
 - (A) 45,000 penalty units (\$9,450,000 as at the date of adoption of this Policy);
 - (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 total 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 at the end of the month in which the body corporate committed, or began committing, the offence;
 - (3) civil penalties up to the greater of:
 - (A) 50,000 penalty units (\$10,500,000 as at the date of adoption of this Policy);
 - (B) if the court can determine the benefit derived or detriment avoided because of the contravention, that amount multiplied by 3 (as at the date of adoption of this Policy); or
 - (C) either:
 - (i) 10% of the body corporate's annual turnover during the 12 month period ending at the end of the month in which the body corporate committed, or began committing, the offence; or
 - (ii) if the amount worked out under 1.12(a)(3)(C)(i) above is greater than 2,500,000 penalty units, 2,500,000 penalty units (\$525,000,000 as at the date of adoption of this Policy); and
 - (4) unlimited civil liability equal to the damage caused.
- (b) A breach of this Policy will also be regarded as serious misconduct which may lead to disciplinary action, up to and including dismissal.

1.13 Policy on Margin Loan Arrangements

- (a) A Restricted Person may enter into a margin loan or similar funding arrangement in respect of any Company Securities (**Funding Arrangements**) but must disclose the

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existence, nature and terms of the Funding Arrangements to a Clearance Officer who will notify the Board.

- (b) The Company and its Board will disclose any Funding Arrangements which would require disclosure under Listing Rule 3.1.
- (c) Without limiting subclause 1.13(b), where a Restricted Person's Funding Arrangement involves 5% or more of the Company's shares, the Board and Company Secretary will make appropriate disclosure to the market of any key terms of the Funding Arrangements.

1.14 Policy on Short-term trading

A Restricted Person must not Deal in any Securities of the Company where the Dealing involves the short-term trading of Securities in the Company, being instances where trading in and out of Securities occurs within a period of less than one month.

1.15 Policy on Short Selling

A Restricted Person must not Deal in any Securities of the Company where the Dealing involves the short selling of Securities in the Company.

1.16 Hedging Transactions

The Corporations Act prohibits Key Management Personnel and a closely related party of Key Management Personnel from entering into an arrangement if the arrangement would have the effect of limiting the exposure of the member to risk relating to an element of the members remuneration that has not vested or has vested but remains subject to a holding lock. Key Management Personnel of the Company and their closely related parties should not Deal in Securities in the Company which may infringe this prohibition under the Corporations Act nor should any other Restricted Person enter into hedging transactions to limit his or her exposure in respect of any unvested entitlement to Securities he or she receives under any equity based remuneration scheme of the Company.

1.17 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 the Company's Securities.

1.18 When is Information Generally Available?

Information is Generally Available if:

- (a) it consists of readily observable matter;
- (b) 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 released to the ASX or published in an annual report or prospectus); or
- (c) it may be deduced, inferred or concluded from the Information referred to above.

1.19 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.

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- (b) Examples of information, that may have a Material Effect on the price or value of Securities when it becomes Generally Available, include:
- (1) revenue;
 - (2) profit forecasts;
 - (3) inventory levels;
 - (4) forecasts;
 - (5) items of major capital expenditure;
 - (6) borrowings;
 - (7) liquidity and cashflow information;
 - (8) management restructuring;
 - (9) changes in distribution arrangements;
 - (10) litigation;
 - (11) impending mergers and acquisitions, reconstructions or takeovers;
 - (12) major asset purchases or sales;
 - (13) exploration results; or
 - (14) new product and technology.

1.20 What is Dealing in Securities?

Dealing in Securities means:

- (a) applying for, acquiring or disposing of Securities;
- (b) entering into an agreement to apply for, acquire or dispose of Securities; or
- (c) Procuring another person to:
 - (1) apply for, acquire or dispose of Securities; or
 - (2) enter into an agreement to apply for, acquire or dispose of Securities.

1.21 Definitions

In this Trading Policy:

Associate has the same meaning as set out in the Corporations Act.

ASX means the Australian Securities Exchange owned and operated by ASX Limited.

Blackout Period means:

- (a) the period starting five Business Days before the planned date for release of each quarterly report and ending on the Business Day after the release of that report to the ASX;

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- (b) the period starting twenty Business Days before the planned date for release of the Company's audited annual results and ending on the Business Day after the release of audited annual results to the ASX;
- (c) the period starting twenty Business Days before the planned date for release of the audit reviewed half yearly results and ending on the Business Day after the release of the audit reviewed half yearly results to the ASX;
- (d) the period commencing from the release of information to the ASX which a reasonable person would expect to have a Material Effect on either the price or the value of the Company's Securities and ending the Business Day after the release of such information to the ASX; and
- (e) any other period determined by the Directors in their absolute discretion.

Board means board of Directors.

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

Clearance Officer means:

- (a) the Company Secretary;
- (b) the Chairperson;
- (c) the Managing Director or Chief Executive Officer; or
- (d) a Director designated by the Board for the purposes of clause 1.4.

Clearance to Deal flowchart means the clearance to deal flowchart set out in section 1.22.

Dealing has the meaning set out in clause 1.20 of this Policy.

Director means a director of the Company.

Employee means an individual who works for the Company (or its subsidiary) under a contract of employment.

Excluded Dealings means:

- (a) dealing where the beneficial interest in the relevant Security does not change;
- (b) transfers of Securities in the Company between a Restricted Person and someone closely related to the Restricted Person (such as a spouse, minor child, family company, family trust or superannuation fund) or by a Restricted Person to their superannuation fund, in respect of which prior clearance has been provided in accordance with this Policy;
- (c) if the Restricted Person is a trustee of a trust but is not a beneficiary of the trust, trading in the Company's Securities by that trust provided any decision to trade during a Blackout Period is taken by the other trustees or investment manager independently of the Restricted Person;
- (d) the exercise of 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 Blackout Period and the Restricted Person could not reasonably have been expected to exercise or convert the Security at a time when it was entitled to, due to the Company having an exceptionally long Blackout Period or a number of consecutive Blackout Periods;

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- (e) bona fide gifts to a Restricted Person by a third party.
- (f) a disposal of Securities arising from the acceptance of a takeover offer, scheme of arrangement or equal access buy-back;
- (g) a disposal of rights acquired or an acquisition of Securities in the Company under a pro rata issue;
- (h) an acquisition of Securities in the Company under a security purchase plan or a dividend or distribution reinvestment plan where:
 - (1) the Restricted Person did not commence or amend their participation in the plan during a Blackout Period; and
 - (2) the Policy does not permit the Restricted Person to withdraw from the plan during a Blackout Period other than in exceptional circumstances;
- (i) the obtaining by a Director of a share qualification;
- (j) acquiring Securities in the Company under an employee incentive scheme or the cancellation or surrender of an option or other right under an employee incentive scheme;
- (k) where a Restricted Person is the trustee of an employee incentive scheme, an acquisition of Securities in the Company by the Restricted Person in his or her capacity as a trustee of the scheme;
- (l) an acquisition or disposal of Securities in the Company under a pre-determined investment or divestment plan for which prior clearance has been provided in accordance with the Policy and where:
 - (1) the Restricted Person did not enter into or amend the plan during a Prohibited Period;
 - (2) the plan does not permit the Restricted Person to exercise any discretion over how, when, or whether to acquire or dispose of Securities; and
 - (3) the Policy does not allow for the cancellation of the plan during a Blackout Period other than in exceptional circumstances;
- (m) indirect and incidental trading that occurs as a consequence of a Restricted Person dealing in Securities issued by a managed investment scheme, listed investment company, exchange-traded fund or similar investment vehicle that is managed by a third party and that happens to hold as part of its portfolio Securities in the Company; and
- (n) an involuntary disposal of Securities in the Company that results from a margin lender or financier exercising its rights under the arrangement.

Generally Available has the meaning given in clause 1.18 of this Policy.

Information includes:

- (a) matters of supposition and other matters that are insufficiently definite to warrant being made to the public; and
- (b) matters relating to the intentions, or likely intentions, of a person.

Inside Information has the meaning given in clause 1.17 of this Policy.

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Key Management Personnel has the definition given in the Accounting Standard AASB 124 *Related Party Disclosure* as 'those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity'.

Listing Rules means the Official Listing Rules of the ASX as amended or replaced from time to time.

Material Effect has the meaning given in clause 1.19 of this Policy.

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

Prohibited Period means:

- (a) any Blackout Period; or
- (b) any period where any matter exists which could constitute Inside Information in relation to the Company.

Restricted Person means:

- (a) any persons or entities discharging managerial responsibilities for the Company including, but not limited to:
 - (1) the Directors;
 - (2) the Company Secretary;
 - (3) Key Management Personnel;
 - (4) any Employee, contractor or consultant who provides managerial or administrative services to the Company; or
 - (5) any Employee who, depending on their individual circumstances, the Managing Director (or the Chief Executive Officer) specifies from time to time to be a Restricted Person;
- (b) other persons specified from time to time by the Managing Director (or Chief Executive Officer); or
- (c) any Related Person or Related Entity (or an Associate of a Related Person or Related Entity) of a person referred in paragraphs (a)(1) and (b) above.

Related Entity of a Restricted Party means an entity which:

- (a) the Restricted Person is a director or secretary of; or
- (b) the Restricted Person otherwise controls or has a position of influence.

Related Person of a Restricted Party means a parent, spouse or child of the Restricted Party.

Securities means:

- (a) shares;
- (b) debentures;
- (c) legal or equitable interests in a security covered by paragraph (a) or paragraph (b) above;

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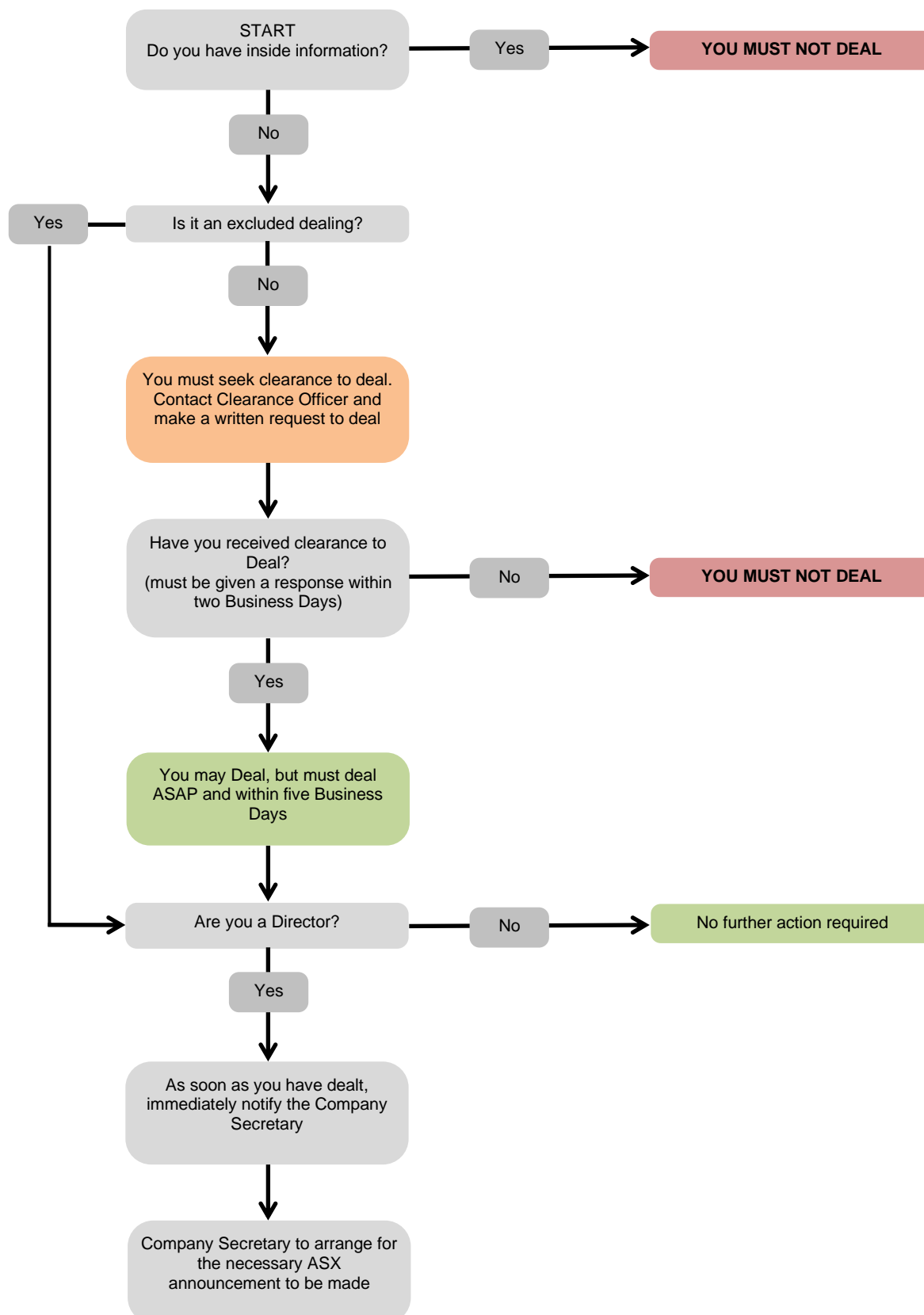
- (d) options to acquire, by way of issue, a security covered by paragraph (a) or paragraph (b) above; and
- (e) rights (whether existing or future and whether contingent or not) to acquire, by way of issue, the following under a rights issue:
 - (1) a security covered by paragraph (a) or paragraph (b) above; or
 - (2) an interest or right covered by section 764A(1)(b) or section 764A(1)(ba) of the Corporations Act.

Substantial Holding has the meaning given in section 9 of the Corporations Act (which, at the date of adoption of this Policy, includes where a person or entity (and their associates) has total votes attached to voting shares in the Company representing 5% or more of the total number of votes attaching to voting shares in the Company).

Third Party Listed Entity means any company, other than the Company, which is listed on the ASX or other recognised exchange or otherwise has Securities which are traded in an open market.

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1.22 Clearance to Deal flowchart



REMEMBER

Additional disclosure may be required under the Listing Rules (for example if the Listing Rules require disclosure of all clearances) and the Corporations Act (for example if the person is a substantial shareholder)