

POLICY ON TRADING IN COMPANY SECURITIES

1. Purpose and Scope

The Company wishes to ensure that its stakeholders have confidence in the trading activities of the Board, and Company employees in respect to the Company's securities. This policy describes the Company's policy governing Directors, and employees trading in the Company's securities.

2. Definitions

In this policy:

"ASX" means the Australian Stock Exchange Ltd.

"Executive Management" means the Managing Director and each of the executives who report directly to the Managing Director in either the Company or Karara Mining Limited ACN 070 871 831.

"Inside Information" means information concerning the Company's financial position, strategy or operations, which, if made public, would be likely to have a material impact on the price of the Company's securities.

3. Inside Information

The Company acknowledges that from time to time, Directors and employees may in the course of their duties be made aware of Inside Information in respect of the Company, which for a period of time may not be disclosed to the public under the terms of the continuous disclosure regulations of the ASX Listing Rules.

- (a) The Company requires Directors and employees **not** to trade (or encourage others to trade) in the Company's securities where the person reasonably believes that they may have information which could constitute Inside Information.
- (b) Where a relevant member of the Board or employee is in possession of Inside Information, they should not trade until such time as they believe that all such information is made available to the public through the Company's announcements to the market via the ASX.

4. Hedging and margin loans

Hedging

All Directors and employees participating in any Company equity incentive plan are prevented from hedging the economic benefit of any unvested performance shares or options under such plans. Hedging is permitted in respect of any performance shares or options that have vested. Any breach of this policy may result in the entitlement to the performance shares or options being forfeited.

Margin Loans

Directors must disclose to the Chairman, Managing Director and Company Secretary any margin loan arrangements they propose to enter into in respect of the Company's securities. Directors are prohibited from entering into any margin loans that are on terms that could be considered materially price sensitive and requiring separate market disclosure.

5. Additional Restrictions on Board and Executive Management

- (a) Where a member of Executive Management or a Director intends to trade in the Company's securities, that person shall first notify the Chairman or the Managing Director and Company Secretary.
- (b) Where the Chairman intends to trade in the Company's securities, the Chairman shall first notify the Managing Director or the chairman of the Remuneration and Nomination Committee or the Deputy Chairman of the company and the Company Secretary.
- (c) Directors and Executive Management are not permitted to trade in the Company's securities during the following blackout periods ("**Black-Out Period**"):
 - (i) One (1) week prior to the AGM;
 - (ii) One (1) week prior to the release of annual and half yearly accounts to the ASX;
 - (iii) Within 24 hours of the release of a Company announcement (other than an announcement of a change of another Director's shareholding, and Appendix 3B issue of new shares or options, or a Change in Substantial Shareholding notice); and
 - (iv) Any other time that the Managing Director declares as a Black-Out Period.
- (d) Directors and Executive Management are permitted to trade in the Company's securities during Black-Out Periods where any of the following circumstances exist:
 - (i) Transfers of securities into a superannuation fund;
 - (ii) Acceptance of a takeover offer;
 - (iii) Trading under a rights issues, buy back or other equity offer;
 - (iv) A disposal of securities under a margin lending arrangement;
 - (v) The exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme where the final date for the exercise or the conversion falls during a prohibited period, the entity has been in an exceptionally long prohibited period or has had a number of consecutive prohibited periods, and the restricted person could

not reasonably have been expected to exercise it at a time when free to do so;

- (vi) Unreasonable financial hardship; and
 - (vii) Court orders.
- (e) Details are to be provided of the subsequent confirmation of the trade of the Company's securities.

6. Exceptions

There are no exceptions to this policy.