



## **BMG RESOURCES LIMITED**

**ACN 107 118 678**

### **SHARE TRADING POLICY**

#### **1. Introduction**

- 1.1 BMG Resources Limited and its related entities ('Company') has adopted a share trading policy ('Policy') to regulate dealings by the Company's Restricted Persons in shares, options and other securities issued by the Company.

#### **2. Purpose**

- 2.1 The purpose of this policy is to ensure that the Company's Restricted Persons (defined at point 3) are aware of the legal restrictions of trading securities while such a person is in possession of unpublished price sensitive information concerning the Company and any of its subsidiaries.
- 2.2 In addition, the Policy is intended to minimise the possibility that misunderstandings or suspicions arise that the Company's Restricted Persons are trading while in possession of unpublished price sensitive information.

#### **3. Restricted Persons**

3.1 In the context of this Policy, Restricted Persons include:

- (a) all directors and other key management personnel;
- (b) the spouse or children of an Restricted Person;
- (c) partners or fellow directors of family partnerships and companies;
- (d) a trust for which the Restricted Person acts as trustee or as a director of its trustee company; and
- (e) an investment fund which effectively acts at the direction of the Restricted Person.

#### **4. Restrictions on Trading**

- 4.1 Consistent with the legal prohibitions on insider trading contained in the *Corporations Act 2001*, all Restricted Persons are prohibited from trading in the Company's securities (and any financial products issued or created over or in respect of the Company's securities) while in possession of unpublished price sensitive information.
- 4.2 'Unpublished price-sensitive information' means information which:
- (a) relates to the company's securities;
  - (b) is specific or precise;
  - (c) has not been made public; and
  - (d) if it were made public would be likely to have a significant effect on the price or value of any securities.
- 4.3 It should be noted that either positive or negative information may be material.
- 4.4 An Restricted Person, whilst in possession of unpublished price sensitive information, is subject to 3 restrictions:
- (a) they must not deal in securities affected by information;
  - (b) they must not cause or procure anyone else to deal in those securities; and
  - (c) they must not communicate the information to any person if they know or ought to know that the other person will use the information, directly or indirectly, for dealings in securities.
- 4.5 A director must not deal in securities of the Company on consideration of a short term nature (i.e. buying and selling shares for short term trading gain).

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

- 5.1 Restricted Persons are required to receive clearance from the Board's Share Trading Committee and the Chairman prior to undertaking any transaction in Company securities. If a Restricted Person is considered to possess unpublished price sensitive information, they will be precluded from making a security transaction until 1 trading day after the time of public release of that information.
- 5.2 The Share Trading Committee will be a committee of at least 2 directors or other key management personnel.

## **6. Circumstances for refusal**

- 6.1 A Restricted Person must not be given clearance (as required by paragraph 5 of this Policy) to deal in any company securities during a prohibited period. A 'prohibited period' means:
- (a) any closed period (refer para.7);
  - (b) any period when there exists any matter which constitutes unpublished price sensitive information in relation to the Company's securities; or
  - (c) any period when the person responsible for the clearance otherwise has reason to believe that the proposed dealing is in breach of this Policy.

## **7. Closed periods**

- 7.1 For the purpose of this Policy, and in particular paragraph 6.1, a 'closed period' is the period of four weeks immediately preceding the preliminary announcement of the annual reports or half yearly reports.

## **8. Clearance Records**

- 8.1 A written record must be maintained by the Company of the receipt of any advice received from a director pursuant to paragraph 5 of this Policy and of any clearance given. If requested by the director concerned, written confirmation from the Company that such advice and clearance (if any) have been recorded must be given to the director concerned. The Company Secretary, will maintain the register of Clearance Records.

## **9. Share Trading Committee power to permit**

- 9.1 The Share Trading Committee may allow the exercise of an option or right under any Restricted Persons' share scheme, or the conversion of a convertible security, where the final date for the exercise of such option or right, or conversion of such security, falls during any prohibited period and the director could not reasonably have been expected to exercise it at an earlier time when he/she was free to deal.
- 9.2 The Share Trading Committee may grant a clearance to a Restricted Person who is not in possession of inside information to sell or dispose of securities during a prohibited period under this trading policy where the Restricted Person is in severe financial hardship or there are other exceptional circumstances as determined by the Share Trading Committee. In making a determination to grant a clearance the Share Trading Committee must have regard to the principles set out in the ASX Listing Rules and guidance notes pertinent to share trading.
- 9.3 If, after taking in to consideration all the issues referred to in paragraphs 9.1 and 9.2 above, the Share Trading Committee grants clearance to the Restricted Person to trade in a prohibited period, such clearance must be communicated in writing from the Share Trading Committee to the Restricted Person prior to the share trade occurring.

## 10. Exempt dealings

The following dealings are not subject to the provisions of this Policy:

- (a) transfers of securities of the entity already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
- b) trading under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- c) the exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a prohibited period and the entity has been in an exceptionally long prohibited period or the entity 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.
- (e) undertakings to accept, or the acceptance of, a takeover offer;
- (f) a dealing by a Restricted Person with a related/associated person whose interest in the securities is to be treated by virtue of the *Corporations Act 2001* as the Restricted Person's interest.

## 11. Corporations Act

- 11.1 The requirements imposed by this policy are separate from the insider trading provisions contained in the *Corporations Act 2001*.
- 11.2 Anyone who contravenes the prohibitions against insider trading contained in the *Corporations Act 2001* will be guilty of an offence and risks substantial fines and/or imprisonment.

## 12 . ASX notification by Directors

- 12.1 The *Corporations Act 2001* and the ASX Listing Rules require director dealings in the Company's securities ("director transactions") to be disclosed to the ASX. In order to comply with the ASX Listing Rules, each director must inform the Company Secretary in writing of all director transactions as soon as reasonably possible after the date of the transaction and in any event no later than 3 business days after the transaction.

### **13. Summary**

- 13.1 This policy is designed to clarify the obligations on Restricted Persons in relation to trading in the Company's securities, and to help them should they wish to buy and sell Company securities.
- 13.2 All queries regarding issues raised in this policy should be directed to the Chairman of the Share Trading Committee or Company Secretary.

Approved by BMG Resources Limited Board on 20 December 2010.