



**GALILEO MINING LTD  
(ACN 104 114 132)  
("COMPANY")**

**SECURITY TRADING POLICY**

**Introduction**

This document sets out the Company's policy on the sale and purchase of its securities by its Directors, employees and contractors (together, "**Restricted Persons**").

The purpose of this policy is to:

- (a) comply with insider trading laws under Part 7.10, Division 3 of the *Corporations Act 2001* (Cth) ("**Insider Trading Laws**");
- (b) impose "Black-out" periods at various times during the year, particularly in periods leading up to an announcement of results, during which trading of the Company's securities by Restricted Persons is prohibited; and
- (c) set out procedures to reduce the risk of insider trading.

A basic explanation on insider trading is provided together with the steps taken by the Company to prevent insider trading, including:

- (a) a description of what conduct may constitute insider trading;
- (b) the windows when Restricted Persons are permitted to buy or sell securities in order to minimise the risk of insider trading; and
- (c) the steps to take when buying or selling securities in the Company.

**Definition of Insider Trading**

**1. PROHIBITION**

1.1. Insider trading is a criminal offence. A person will be guilty of insider trading if:

- (a) that person possesses information in relation to a company which is not generally available to the market, and if it were generally available to the market, would be likely to affect the price or value of that company's securities (i.e. information that is "price sensitive"); and
- (b) that person:
  - (i) buys or sells securities in the company;
  - (ii) procures someone else to buy or sell securities in the company; or
  - (iii) passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to deal in the securities or procure someone else to deal in the securities of the company.

## **2. EXAMPLES**

- 2.1. Price sensitive information means information relating to the Company that would, if the information were publicly known, be likely to:
- (a) have a material effect on the price or value of the Company's shares; or
  - (b) influence persons who invest in securities in deciding whether or not to buy or sell the company's shares.
- 2.2. The following are examples of price sensitive information which, if made available to the market, would be likely to affect the price of the Company's securities:
- (a) the Company is considering the acquisition of another company;
  - (b) material drilling results which have not yet been released to the market;
  - (c) photos of mine sites or ore discoveries; and
  - (d) a potential change in the Company's Board.

## **3. DEALING THROUGH THIRD PARTIES**

- 3.1. A person does not need to be a Director or employee of Company to be guilty of insider trading in relation to securities in the Company. The prohibition extends to dealings by anyone, including Directors' or employees' nominees, agents or other associates, such as family members, family trusts and family companies, as well as customers and suppliers.

## **4. CONTRACTORS AND EXTERNAL ADVISORS**

- 4.1. Contractors employed by the Company shall be informed of this policy when they are appointed and are required to adhere to the policy so long as they are contracted by the Company. Breach of the policy may lead to termination of contract arrangements.
- 4.2. The Company's employees dealing with external advisers need to ensure that the advisers are aware of the insider trading rules and where these dealings cover material matters, that the issue of insider trading is covered in confidentiality documents.

## **5. MEANING OF SECURITIES**

- 5.1. The rules cover shares in the Company, derivatives related to the Company's shares, whether issued by the company or not and to any traded company options. It also applies to the exercise of options, including employee options.

## **6. RELATED COMPANIES**

- 6.1. Restricted Persons, where they possess inside information, should also not deal in securities of other companies with which the Company might have an association or be about to enter such association such as joint venture or farm in partners.

## **Guidelines for Trading in the Company's Securities**

### **7. APPROVAL PROCESS**

- 7.1. Restricted Persons can deal in securities of the Company in the following circumstances:
- (a) it is not during a closed period as contemplated by section 7.3, and they have satisfied themselves that they are not in possession of any price sensitive information that is not generally available to the public; and

- (b) they have contacted the Chairman or in his absence, the Managing Director and notified them of their intention to do so and provided all relevant information with this notification, and the Chairman or Managing Director has given their prior written approval to the proposed dealing.
- 7.2. Where the Chairman wishes to deal with his securities outside of a closed period as contemplated by section 7.3, he must obtain the prior written approval of the Board prior to doing so.
- 7.3. Closed Period: Directors, employees and contractors may not trade in Company Securities if:
  - (a) he or she has information that he or she knows, or ought reasonably to know, is price sensitive information in relation to Company Securities; or
  - (b) the Company Secretary has issued an instruction prohibiting trading in Company Securities by Employees; or
  - (c) it is the day on which the Company has made, or is expected to make, an announcement to the ASX; or
  - (d) he or she has not complied with clause 7.1.
- 7.4. The Company may at its discretion vary this rule in relation to a particular period by general announcement to all employees either before or during the period. However, if a Restricted Person is in possession of price sensitive information which is not generally available to the market, then he or she must not deal in the Company's securities at any time.
- 7.5. This notification obligation operates at all times and applies to dealings in the Company's securities by family members and other associates of Restricted Persons as well as to personal dealings by Restricted Persons. It does not apply to any issue of securities by the Company pursuant to a prospectus or like disclosure under the *Corporations Act 2001* (Cth) ("**Corporations Act**"), or under employee share and option plans.
- 7.6. Restricted Persons must not at any time engage in short-term trading in securities of the Company.
- 7.7. Restricted Persons must not communicate price sensitive information to a person who may deal in securities of the Company. In addition, Restricted Persons 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 securities in the Company.
- 7.8. This policy does not apply to trading which does not result in a change in beneficial control of the Company's shares; e.g. transferring a personal holding of the Company's shares to a pension fund or superannuation fund.

## **8. HEDGING UNVESTED ENTITLEMENTS**

- 8.1
  - (a) Entitlements under the Company's equity based incentive plans (if any) are subject to the satisfaction of various time and/or performance hurdles to ensure alignment of employee rewards with the Company's objectives and performance. Transactions which "hedge" the value of entitlements could distort the proper functioning of these hurdles and reduce the intended alignment with shareholder interests.
  - (b) Directors, and executives participating in an equity-based executive incentive plan, are prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in the Company's securities.

- 8.2 Notwithstanding the restriction imposed by paragraph 8.1(b) above, Directors may enter into hedging transactions in respect of the Company's securities held by them outside any equity based performance plan or once the securities have been vested.
- 8.3 However, Directors should ensure that entry into any hedging transaction occurs outside the Company's black-out periods and otherwise complies with this policy.

## **9 DEALING IN EXCEPTIONAL CIRCUMSTANCES**

- 9.1 In specific circumstances however, such as financial hardship, the Chairman may waive the requirement of a Restricted Person to deal in the Company's securities outside blackout periods on the condition that the Restricted Person can demonstrate to the Chairman that he or she is not in possession of any price sensitive information that is not generally available to the public. In such circumstances, the Restricted Person must provide a written statement to the Chairman setting out the relevant exceptional circumstances, confirming that they are not in possession of any information which is price sensitive and which would have a material effect on the price or value of the securities.
- 9.2 The procedure set out in section 9.1 is in addition to the requirements of section 7.

## **10 CONSEQUENCES OF BREACH OF THE SECURITY TRADING POLICY**

- 10.1 Strict compliance with this policy and the Insider Trading Laws is a requirement under each employment contract with the Company.
- 10.2 Breach of this policy by any the Company's employees or their family members would expose that employee or family member (as applicable) to criminal and civil liability. This includes extensive fines and imprisonment.
- 10.3 If a Restricted Person becomes aware of any breach of this policy or of a breach of the Insider Trading Laws, whether done by themselves or by another Restricted Person, and whether done intentionally or unintentionally, he or she should report it to the Managing Director or in his absence the Company Secretary immediately.
- 10.4 The Company will regard any breach of Insider Trading Laws or this policy as serious misconduct and breaches will result in disciplinary action. This may include termination of employment.

## **11 ASX NOTIFICATION BY DIRECTORS**

- 11.1 ASX obliges a Director to notify ASX within the 5 business days after any dealings in Company's securities (either personally or through a third party) which results in a change in the relevant interests of the Director in Company's securities. Accordingly, Directors must notify the Company Secretary immediately on acquiring or disposing of a relevant interest in any securities in the Company. It is the individual responsibility of Directors to ensure they comply with this requirement.