

Securities Trading Policy

Adopted by the Board on 14 March 2017



Background

The purpose of the Company's Securities Trading Policy ('**Policy**') is to ensure that you are aware of your legal obligations and to protect the Company and its reputation in the market place.

Trading in the shares and other Securities such as options of Australian Pacific Coal Limited ABN 49 089 206 986 ('**AQC**' or '**the Company**') is subject to, amongst other things, the *Corporations Act 2001 (Cth)* ('**Corporations Act**') and the **ASX Listing Rules**. The intent behind the various provisions regulating trading of Securities on the ASX is that the investment market is kept fully informed of the Company's activities in order that at any time all investors are able to make informed investment decisions based on the same information. Further, there are strictly enforced criminal sanctions against anyone breaching the Corporations Act and engaging in what is commonly called "insider trading".

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 provisions of the Corporations Act and this applies even where the trade occurs as permitted within the operation of this Policy.

Any non-compliance with this Policy will be regarded as serious misconduct which may entitle the Company to take corrective disciplinary action.

Defined terms are set out in the Definitions section of this Policy.

Securities

For the purposes of this Policy '**Securities**' includes ordinary shares, preference shares, options, performance rights, debentures, convertible notes and other instruments considered to be a security for the purposes of the Corporations Act. Securities also includes financial products issued or created over or in respect of Securities issued by the Company (for example, warrants and other derivative products), whether or not the financial products are created by the Company or third parties.

Persons to whom this policy applies

The Company's Securities Trading Policy applies to Directors, Key Management Personnel, officers, employees, consultants and contractors of the Company ('**Company Personnel**') and its related bodies corporate as defined in the Corporations Act (the '**Group**').

Company Personnel must take all reasonable steps to advise any Associate, Related Person, or Related Entity ('**Connected Persons**') that they are a Connected Person of the Company and to ensure that their Connected Persons do not breach this Policy. **Connected Persons** include family members (including parents, spouses or children) who may influence, or be influenced by Company Personnel in his or her Dealings with the Company. Connected Persons also include a company or any other entity which Company

Personnel have an ability to control. Where this Policy requires Company Personnel to do an act or thing, the person must do that act or thing in respect of their Connected Person.

Company Personnel are also bound by their confidentiality obligations in relation to confidential information obtained in the course of their duties.

Price sensitive Information and insider trading

The Corporations Act prohibits insider trading by persons in possession of price sensitive Inside Information.

Information is 'inside' or 'price sensitive' if it is not Generally Available, but which, if it were Generally Available, a reasonable person would expect to have a Material Effect (upwards or downwards) on the price or value of a security.

For the purposes of the insider trading provisions of the Corporations Act, Information is defined broadly and includes matters of supposition and other matters which are insufficiently definite to warrant being made known to the public. It also includes matters relating to the intentions of a person.

While in possession of price sensitive Information that is not Generally Available, Company Personnel shall not:

- trade in the Company's Securities;
- enter into an agreement to Deal in the Company's Securities;
- procure any other person to Deal in the Company's Securities;
- directly or indirectly communicate the Information, or cause the Information to be communicated, to another person.

In general, all of the above prohibited activity is an offence under the Corporations Act.

For the avoidance of doubt, compliance with any procedures in this Policy does not preclude a trade from breaching insider trading laws if it is undertaken or procured by someone in possession of price sensitive inside Information at the time.

Examples of Inside Information

It is not possible to list all Information that may be inside Information. However, the following types of Information would be likely to be considered to have a Material Effect on the price of the Company's Securities:

- sales figures;
- profit forecasts;
- exploration results;
- unpublished announcements or knowledge of possible regulatory investigation;
- interim and final financial reports, including the Company's quarterly reports;
- liquidity and cashflow;
- proposed changes in the Company's capital structure, including issues of Securities, rights issues and buy backs;
- borrowings;
- major asset purchases and sales;
- impending mergers, acquisitions, reconstructions, takeovers;
- litigation;
- changes in operations;
- new products/services and technology;

- proposed dividends or dividend policies;
- management restructuring or Board changes; and
- signing or renewal of significant contracts.

Securities in other companies

While in general Company Personnel are free to Deal in Securities in other listed companies, the prohibited conduct under the Corporations Act may prohibit Dealings not only in the Company's Securities but also in the Securities of other listed companies with which the Company may be Dealing (including the Group's lenders, customers, contractors or business partners) where Company Personnel possess 'inside information' in relation to that other company.

If a person is aware of Information that is not Generally Available but which, if it were Generally Available, a reasonable person would expect to have a Material Effect on the price or value of a Security, the person should not Deal in the Securities of the companies that it affects.

Company Personnel may come into possession of Inside Information where they are directly involved in client relationship management or negotiating contracts. For example, where a person is aware that the Company is about to sign a major agreement with another company, the person should not buy Securities in either the Company or the other company.

Other prohibitions on Dealing in Securities

The Company's overriding policy is that Company Personnel must not Deal in the Company's Securities at any time they are in possession of Inside Information.

There may be occasions where the Company notifies Company Personnel that they must not Deal in the Company's Securities for a specified period or until the Company gives further notice. This will generally only occur in exceptional circumstances determined by the Company's Board. Company Personnel must not trade while the notified Prohibited Period is in force.

Restricted Persons

The Company's Key Management Personnel, Directors, other senior personnel and their support staff are likely to have, or be perceived to have, access to material price sensitive Information ahead of the broader market. If it becomes known that a Director or senior executive of an entity has traded in its Securities shortly prior to the publication or release of Information to the market, there is a risk that some will speculate that the trade was motivated by inside knowledge of the impending release.

'Restricted Persons' include:

- Key Management Personnel, including:
 - (1) Executive and non-executive Directors of the Company, and
 - (2) Senior executives who report to the Board or the CEO and have the authority and responsibility for directly and indirectly planning, directing and controlling the activities of the Company.
- Company Personnel who work closely with, or in close proximity to, Key Management Personnel,
- Company Personnel involved in preparing the Company's statutory financial reports, and
- Company Personnel who, from time to time, are notified by the Company that they are a Restricted Person.

Prohibition on insider trading

No Restricted Person may Deal in Company Securities at any time if that person is or could reasonably be expected to be in possession of Inside Information.

Closed Periods (Blackout Periods)

Restricted Persons (or their Connected Persons) must not Deal in the Company's Securities during any of the following '**Closed Periods**':

- for the calendar quarters ending 31 March and 30 September, the period starting ten Business Days before the planned date for release of the relevant quarterly report and ending on the Business Day after the release of that report to the ASX;
- for the calendar quarter ending 30 June, the period starting ten Business Days before the planned date for release of the June quarterly report and ending on the Business Day after the release of the 30 June full year financial report to ASX;
- for the calendar quarter ending 31 December, the period starting ten Business Days before the planned date for release of the December quarterly report and ending on the Business Day after the release of the 31 December half year financial report to ASX;
- 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
- any other period that the Board specifies from time to time.

For the avoidance of doubt, during the above Closed Periods, Restricted Persons (or their Connected Persons) must not Deal in financial products issued or created over or in respect of the Company's Securities (for example, exchange-traded options, contracts for differences and other derivatives).

Exceptional circumstances

A Restricted Person who is not in possession of Inside Information in relation to the Company may be given written clearance to sell or otherwise dispose of (but not purchase) Company Securities during a Prohibited Period if that person is in severe financial difficulty, is required by law to transfer the Company Securities or where other exceptional circumstances exist. Where clearance is given, the person must trade the Company Securities within five Business Days of receiving clearance.

Restricted Persons who wish to sell or otherwise dispose of Company Securities during a Prohibited Period, must submit a written notification to the Company Secretary and obtain the prior written consent of the Chairman (or in the case of the Chairman, prior written consent of the Chief Executive Officer ('**CEO**') or Managing Director ('**MD**')) or their delegate (the 'Approver'). Restricted Persons must demonstrate to the satisfaction of the Approver that he or she is in severe financial difficulty or that his or her circumstances are otherwise exceptional.

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 this Policy.

Trading outside Closed Periods

All Restricted Persons (or their Connected Persons) must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first submitting a written notification to the Company Secretary and obtaining a prior written clearance to Deal from the Chairman (or in the case of the Chairman, prior written Clearance from the Chief Executive Officer or Managing Director) or their delegate (the '**Clearance Officer**').

The Restricted Person must confirm to the satisfaction of the Clearance Officer that they are not in possession of any price sensitive Inside Information.

The Clearance Officer must not unreasonably withhold clearance to Deal in circumstances where the Company or the Restricted Person does not possess price sensitive Inside Information. It is not the intention of the Company to prevent Restricted Persons (or their Connected Persons) from undertaking a proposed Dealing outside Closed Periods merely because there may be a perception that the Company or the Restricted Person could possess price sensitive Information.

It is intended that a response to a request for clearance to Deal will be given to the relevant Restricted Person on the same Business Day of the request being made.

The clearance to Deal, if granted, must specify a reasonable time period for completion of the proposed Dealing. The Restricted Person (or their Connected Person) must undertake the proposed Dealing within the period specified in the clearance to Deal once the clearance to Deal is granted. If the Dealing is not undertaken within this time, the clearance to Deal will no longer have effect and a new clearance to Deal will be required before the proposed Dealing may be undertaken.

The Clearance Officer reserves the right to withdraw a clearance to Deal if there is a change in circumstances or new information becomes available.

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. 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. 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.

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.

Where a Restricted Person (or their Connected Person) Deals in Company Securities, the Restricted Person is required to notify the Company Secretary of any such Dealing within 2 Business Days of the relevant Dealing occurring.

Margin lending

Margin lending refers to any arrangement which is in the nature of, or parties intend it to be in the nature of, loaned monies which are secured or are otherwise supported by a security over, or transfer of, the Company's Securities (regardless of the form the security or transfer takes).

Margin lending Dealings would include:

- entering into a margin lending arrangement in respect of the Company's Securities;
- transferring Securities in the Company into an existing margin loan account; and
- selling Securities in the Company to satisfy a call pursuant to a margin loan.

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

The Company and its Board will disclose any Funding Arrangement which would require disclosure under Listing Rule 3.1.

Without limiting any disclosure which would be required under Listing Rule 3.1, 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 Arrangement.

Hedging of Company Securities

Hedging includes entering into transactions in financial products that operate to limit the economic risk associated with holding Company Securities.

Hedging of Company Securities by a Restricted Person (or their Connected Persons) is subject to the following overriding prohibitions:

- the hedge transaction must not be entered into, renewed, altered or closed out when the Restricted Person is in possession of Inside Information;
- Company Securities must never be hedged prior to the vesting of those Company Securities. In particular, Restricted Persons (or their Connected Persons) are prohibited from entering into any hedge transaction involving unvested equity held pursuant to any employee, executive or director equity plan operated by the Company; and
- Company Securities must never be hedged while they are subject to a holding lock or restriction on Dealing under the terms of any employee, executive or director equity plan operated by the Company.

Restricted Persons (or their Connected Persons) are permitted to hedge their vested and unrestricted Company Securities on the following conditions:

- the hedge transaction is treated as a Dealing in Company Securities for the purposes of this Policy, and the relevant approvals and notifications are made on this basis; and
- the relevant requirements in accordance with the procedure set out for trading outside Closed Periods of this Policy have been satisfied.

Where a Restricted Person (or their Connected Persons) enters into a hedging arrangement in respect of Company Securities, the Company may, where appropriate, disclose the fact and nature of the hedge (eg in its annual report or to ASX).

No short term Dealing – buying and selling within a one-month period

Company Personnel must not Deal in the Company's Securities on a short term trading basis. Short term trading includes buying and selling Securities on market within a one-month period, and entering into other short term Dealings (for example, forward contracts). Short term Dealing does not include the sale of Company Securities after they have been acquired through the conversion of a Security, for example the exercise of an option, or in accordance with any employee, executive or director equity plan operated by the Company or other Company incentive scheme.

No short selling

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

Dealings not subject to the provisions of this policy

Subject to the insider trading provisions of the Corporations Act, Company Personnel may at any time:

- undertake Dealings that result in no effective change to the beneficial interest in the Securities (for example, transfers of Company Securities already held into a superannuation fund or trust of which the Restricted Person is a beneficiary);
- 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;

- 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 Closed Period is taken by the other trustees or investment manager independently of the Restricted Person;
- 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 Prohibited 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 Prohibited Period or a number of consecutive Prohibited Periods.
- bona fide gifts to a Restricted Person by a third party;
- the disposal of Company Securities through the acceptance of a takeover offer, scheme of arrangement or equal access buy-back;
- a disposal of rights acquired or an acquisition of Securities in the Company under a pro-rata issue;
- an acquisition of Securities in the Company under a security purchase plan or a dividend or distribution reinvestment plan where:
 - the Restricted Person did not commence or amend their participation in the plan during a Closed Period; and
 - the Policy does not permit the Restricted Person to withdraw from the plan during a Closed Period other than in exceptional circumstances;
- the obtaining by a Director of a share qualification;
- 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;
- participate in an employee, executive or director equity plan operated by the Company (eg applying for an allocation of Securities under an employee equity plan offer). However, where Securities in the Company granted under an employee, executive or director equity plan cease to be held under the terms of that plan, any Dealings in those Securities must only occur in accordance with this Policy;
- 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;
- participate in an employee, executive or director equity plan operated by the Company (eg applying for an allocation of Securities under an employee equity plan offer). However, where Securities in the Company granted under an employee, executive or director equity plan cease to be held under the terms of that plan, any Dealings in those Securities must only occur in accordance with this Policy;
- 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;
- trade under a pre-approved non-discretionary trading plan, where the Restricted Person did not enter into the plan or amend the plan during a Closed Period, the plan does not permit the Restricted Person to exercise any influence or discretion in relation to trading under the plan and the plan cannot be cancelled during a Closed Period, other than in exceptional circumstances;
- indirect and incidental trading that occurs as a consequence of a Relevant Person Dealing in units or shares of 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
- an involuntary disposal of Securities in the Company that results from a margin lender or financier exercising its rights under the arrangement.

Who to contact

Company Personnel who have queries about this Policy should contact the Company Secretary.

Definitions

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

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

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 the Chairman (or in the case where the Chairman is seeking a clearance to Deal, the Chief Executive Officer or the Managing Director) or their delegate.

Closed Period means:

- for the calendar quarters ending 31 March and 30 September, the period starting ten Business Days before the planned date for release of the relevant quarterly report and ending on the Business Day after the release of that report to the ASX;
 - for the calendar quarter ending 30 June, the period starting ten Business Days before the planned date for release of the June quarterly report and ending on the Business Day after the release of the 30 June full year financial report to ASX;p
 - for the calendar quarter ending 31 December, the period starting ten Business Days before the planned date for release of the December quarterly report and ending on the Business Day after the release of the 31 December half year financial report to ASX;
 - 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
- any other period that the Board specifies from time to time.

Company Personnel means Directors, Key Management Personnel, officers, Employees, consultants and contractors of the Company and its related bodies corporate as defined in the Corporations Act

Connected Person means any Associate, Related Person, or Related Entity of Company Personnel including:

- (a) family members (including parents, spouses or children) who may influence, or be influenced by Company Personnel in their Dealings with the Company,
- (b) a company or any other entity which Company Personnel have an ability to control.

Corporations Act means the Corporations Act 2001 (Cth)

Deal or Dealing 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.

Director means a director of the Company.

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.

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 means 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 value of the Company's Securities.

Key Management Personnel means those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly including, including any director (whether executive or otherwise) of the Company.

Listing Rule(s) means the Official Listing Rules of the ASX as amended or replaced from time to time.

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.

Prohibited Period means:

- (a) any Closed Period, or
- (b) any period where any matters exists which could constitute Inside Information in relation of the Company.

Restricted Person means:

- (a) Key Management Personnel,
- (b) Company Personnel who work closely with, or in close proximity to, Key Management Personnel,
- (c) Company Personnel involved in preparing the Company's statutory financial reports,
- (d) Company Personnel who, from time to time, are notified by the Company that they are a Restricted Person, an
- (e) Any Related Person, or Related Entity (or an Associate of a Related Person or Related Entity) of a person referred in paragraphs (a), (b), (c) and (d) above.

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

Securites means:

- (a) Shares,
- (b) Debentures,
- (c) legal or equitable interests in a security covered by paragraph (a) or paragraph (b) above,
- (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.