

# MUNDO MINERALS LIMITED

ACN 117 790 897

## SECURITIES TRADING POLICY

As approved by the Board of Directors on 22 December 2010

### Preamble

1. This Securities Trading Policy (**Policy**) outlines the circumstances in which the Designated Persons may deal in Company Securities.

### Scope of this Policy

2. This Policy applies to all directors, executives, employees, contractors, consultants and advisors (together, **Designated Persons**) of Mundo Minerals Limited (**Company**) and its subsidiaries.
3. In this Policy, "**Company Securities**" includes:
  - (a) any shares in the Company,
  - (b) any other securities issued by the Company such as debentures and options; and
  - (c) derivatives and other financial products issued by third parties in relation to the Company's shares, debentures and options.
4. In this Policy to "**deal**" in Company Securities includes:
  - (a) subscribing for, purchasing or selling Company Securities or entering into an agreement to do any of those things;
  - (b) advising, procuring or encouraging another person (including a family member, friend, associate, colleague, family company or family trust) to trade in Company Securities; and
  - (c) entering into agreements or transactions which operate to limit the economic risk of a person's holdings in Company Securities.
5. In this Policy "**Key Management Personnel**" means a director, executive or senior manager of the Company, or such other person who is "key management personnel" within the meaning of Accounting Standard AASB 124.

### Purpose of the Policy

6. This Policy sets out the circumstances in which the Designated Persons may deal in Company Securities with the objective that no Designated Person will contravene the requirements of the *Corporations Act 2001* (Cth) (**Corporations Act**).
7. The purpose of this Policy is to:
  - (a) ensure that the Designated Persons adhere to high ethical and legal standards in relation to their personal investment in Company Securities;
  - (b) ensure that the personal investments of the Designated Persons do not conflict with the interests of the Company and those of other holders of Company Securities;

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- (c) preserve market confidence in the integrity of dealings in Company Securities; and
  - (d) ensure the reputation of the Company is maintained.
8. This Policy is not designed to prohibit the Designated Persons from investing in Company Securities but does recognise that there may be times when Designated Persons cannot or should not invest in Company Securities. This Policy provides guidance to Designated Persons as to the times when Designated Persons may deal in Company Securities.

### Outline of Corporations Act requirements

9. A person is in possession of "inside information" in relation to the Company in circumstances where:
- (a) the person possesses information that is not generally available and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of Company Securities; and
  - (b) the person knows, or ought reasonably to know, that the information is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of Company Securities.
10. A reasonable person would be taken to expect information to have a material effect on the price or value of Company Securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to deal in Company Securities in any way. It does not matter how the Designated Person came to have the inside information.
11. If a Designated Person possesses "inside information" in relation to the Company, the person must not:
- (a) deal in Company Securities in any way; nor
  - (b) directly or indirectly communicate the information, or cause the information to be communicated, to another person if the person knows, or ought reasonably to know, that the other person would, or would be likely to, deal in Company Securities in any way or procure a third person to deal in Company Securities in any way.
12. The Designated Persons may obtain inside information in relation to another company. For example in the course of negotiating a transaction with the Company, another company might provide confidential information about itself. The prohibition on insider trading is not restricted to information affecting Company Securities. The Designated Persons in possession of the inside information must not deal in securities of those other companies.
13. A Designated Person who deals in Company Securities while in possession of "inside information" will be liable to both civil and criminal penalties.

### Examples of "inside information"

14. Examples of information which may be considered to be "inside information" include the details relating to the items listed below (this is not an exhaustive list):
- (a) drilling results, mining exploration results, production figures and the like;

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- (b) prospective financial information;
- (c) proposed transactions;
- (d) unpublished announcements;
- (e) proposed changes in capital structure, including share issues, rights issues and the redemption of securities;
- (f) impending mergers, acquisitions, reconstructions, takeovers, etc;
- (g) significant litigation and disputes;
- (h) significant changes in operations or proposed changes in the general character or nature of the business of the Company or its subsidiaries;
- (i) cashflow information;
- (j) major or material purchases or sales of assets; and
- (k) proposed or new significant contracts.

### Company's policy on dealing in Company Securities

15. **No insider trading:** All Designated Persons must adhere to the Corporations Act requirements concerning the prohibition on insider trading.

16. **Closed periods applicable to Key Management Personnel:** Key Management Personnel must refrain from dealing in Company Securities during the following periods (**Closed Periods**):

- (a) between 30 June and release by the Company of its quarterly activities report for the period 1 April to 30 June;
- (b) between 30 September and release by the Company of its quarterly activities report for the period 1 July to 30 September;
- (c) between 31 December and release by the Company of its quarterly activities report for the period 1 September to 31 December, and
- (d) between 31 March and release by the Company of its quarterly activities report for the period 1 January to 31 March.

unless exceptional circumstances apply under paragraph 18.

17. **Prior approval for all dealing by Key Management Personnel:** Key Management Personnel must not deal in Company Securities at any time, without the prior approval of the Chairman or, in his absence, the Board or the Managing Director. Key Management Personnel must also notify the Company Secretary of their intention to trade and provide the Company Secretary with subsequent confirmation of the trading that has occurred.

18. **Chairman:** The Chairman must not deal in Company Securities without the prior approval of the Board or the next most senior director. The Chairman must notify the Company Secretary of his intention to trade and provide the Company Secretary with subsequent confirmation of the trading that has occurred.

19. **Exceptional circumstances:** Dealing in Company Securities by Key Management Personnel during a Closed Period may be permitted with the prior written approval of the Chairman, or in his absence, the Board or the Managing Director, if the following exceptional circumstances apply:

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- (a) severe financial hardship;
  - (b) in order to comply an undertaking given to, or an order by, a court; or
  - (c) such other exceptional circumstances as may from time to time be determined by the Chairman, or in his absence, the Board or the Managing Director.
20. **Employees other than Key Management Personnel:** Employees who are not Key Management Personnel may deal in Company Securities at any time provided the Employee notifies the Company Secretary before commencing the transaction and, after the transaction has occurred, provides confirmation of the trading. In any event, the Employees must not deal in Company Securities at any time if the Employee is in possession of any inside information relating to those securities.
21. **Exceptions to the Policy:** Designated Persons may at any time:
- (a) acquire ordinary shares in the Company by conversion of securities giving a right of conversion to ordinary shares (but may not sell all or any of the shares received upon exercise of the options other than in accordance with this Policy);
  - (b) acquire Company Securities under a bonus issue made to all holders of securities of the same class;
  - (c) acquire Company Securities under a dividend reinvestment, plan, a rights issue or a share purchase plan that is available to all holders of securities of the same class;
  - (d) acquire, or agree to acquire, options under a Company share option plan;
  - (e) exercise options acquired under a Company share option plan (but may not sell all or any of the shares received upon exercise of the options other than in accordance with this Policy);
  - (f) transfer Company Securities already held into a superannuation fund or other saving scheme in which the Designated Person is a beneficiary, subject to ensuring the transfer does not contravene the laws prohibiting insider trading;
  - (g) invest in, or trade unit of, a fund or other scheme where the assets of the fund or other scheme are invested at the discretion of a third party; and
  - (h) accept a takeover offer.

### ASX notification by directors

22. In accordance with section 205G Corporations Act and ASX Listing Rule 3.19A, a director must notify the ASX within 5 business days after any change in the Director's relevant interest in securities of the Company or a related body corporate of the Company.
23. A director must notify the Company Secretary in writing of the requisite information for the Company Secretary to make the necessary notifications to ASIC and ASX as required by the Corporations Act and the ASX Listing Rules.

### Consequences of breach

24. Strict compliance with this Policy is mandatory for all persons covered under this Policy. Breaches of this Policy may damage the Company's reputation in the

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investment community and undermine confidence in the market for Company Securities. Accordingly, breaches will be taken very seriously by the Company and will be subject to disciplinary action, including possible termination of a person's employment or appointment.

### **Questions / Further information**

25. The Company will publish this Policy on the Company's website: [www.mundominerals.com](http://www.mundominerals.com).
26. If you have any questions or need further information on how to comply with this Policy, please contact the Company Secretary.