

# SECURITIES TRADING POLICY

## 1. INTRODUCTION

This Code for Trading in Securities (**Code**) sets out the requirements for Employees trading in Company Securities. In order to ensure that Employees do not inadvertently breach the insider trading or tipping provisions of the Corporations Act or applicable Canadian securities laws or rules, Employees are only permitted to trade in Company Securities in limited circumstances determined by this Code. The circumstances in which Employees are not permitted to trade in Company Securities are called '**closed periods**' and are determined by the provisions of this Code.

Even outside closed periods, Employees are required to seek the written approval of the Chair or his or her delegate prior to any trading in Company Securities.

Trading in Company Securities by Employees is subject to the overriding restriction that persons may not trade in any Securities when they are in possession of Inside Information. This overarching restriction applies even where the trading occurs outside a closed period as specified within this Code.

**It is the responsibility of any Employee contemplating a trade in securities of the Company to determine prior to such trade whether he or she knows, or ought reasonably to know, any information that is not generally available and that may have a material effect on the price or value of Company Securities, as that constitutes Inside Information. If in doubt, the Employee should consult with the Chair or his or her delegate.** In addition, clause 4 of this Code requires that Employees pre-clear all trades in securities of the Company.

## 2. PROHIBITED CONDUCT UNDER INSIDER TRADING PROVISIONS

### 2.1. The Company

As a matter of law, all Employees must not purchase, sell or otherwise trade in Company Securities (including shares, debentures, options over unissued shares or debentures, renounceable or unrenounceable rights to shares or debentures and any derivative products) with the knowledge of Inside Information until two full trading days after the disclosure to the public of the Inside Information, whether by way of press release, conference call or a filing made with each of the relevant securities regulatory authorities in Canada and Australia.

### 2.2. Other Companies

The laws regarding insider trading extend to trading in securities of any companies (including, for example, companies in a joint venture with the Company) about which a person possesses material price sensitive information which is not generally available or has not been generally disclosed. The restrictions set out in this Code apply to all Employees both with respect to trading in the securities of another company while in possession of such information and with respect to communicating such information.

### **3. POLICY FOR TRADING IN SECURITIES**

#### **3.1. Trading With Clearance**

Subject to the restriction that no Employee must trade in any Securities when they are in possession of Inside Information, and subject to clause 3.2, Employees may only trade in Securities if the Employee has complied with clause 4.

#### **3.2. Closed Periods**

An Employee may not trade in Company Securities if:

- (a) the Company Secretary has issued an instruction prohibiting trading in Company Securities by Employees, which instruction shall contain a reminder that the fact that there is a trading prohibition instruction may itself constitute Inside Information or cause rumours and must be kept confidential;
- (b) it is the day or the two days following the day on which the Company has made, or is expected to make, an announcement to the ASX, TSX or publicly; or
- (c) he or she has not complied with clause 4.

### **4. CLEARANCE REQUESTS**

All Employees wishing to trade in Company Securities are required to seek written approval from the Chair of the Board or his or her delegate.

### **5. EXCEPTIONAL CIRCUMSTANCES WHEN TRADING MAY TAKE PLACE**

In exceptional circumstances where, as a result of demonstrable financial hardship (such as the threat of foreclosure on the residence in respect of a person or mortgage, a judgement in respect of a debt being obtained by a creditor, or a court order in a family law matter), an Employee is obliged to dispose of Company Securities during a closed period, the Chair and/or Managing Director may give written approval to proceed to sell an agreed number of Company Securities during a closed period within a specified time frame. Such specified time frame must only be for a limited period, for example expiring on the earlier of five Business Days or the day on which such person gains knowledge of Inside Information. The Employee seeking approval to trade must satisfy the Chair and/or Managing Director that he or she does not have knowledge of Inside Information and is in severe financial hardship or that their circumstances are otherwise exceptional and that the proposed sale or disposal of the relevant securities is the only reasonable course of action available.

The closing date during which Securities can be traded should be notified to the Employee and the Company Secretary. The Company may require the Employee to swear a statutory declaration in support of their claim of financial hardship.

### **6. PROHIBITION AGAINST TIPPING**

Employees are prohibited from communicating Inside Information to any person outside the Company, unless: (a) disclosure is in the necessary course of the Company's business provided that the person receiving such information first enters into a confidentiality agreement in favour

of the Company (which should contain, among other things, an acknowledgement by the recipient of the requirements of applicable securities laws relating to such recipient trading securities with knowledge of a material fact or material change in respect of the Company that has not been generally disclosed and to such recipient disclosing information to another person or company such material fact or material change) and the disclosure is made pursuant to the proper performance by such Employee of his or her duties on behalf of the Company; (b) disclosure is compelled by law; or (c) disclosure is expressly authorized by the Chair or his or her delegate.

Subject to the above, Inside Information is to be kept strictly confidential by all Employees until after it has been generally disclosed. Discussing Inside Information within the hearing of, or leaving it exposed to, any person who has no need to know is to be avoided at all times. Employees with knowledge of Inside Information shall not encourage any other person or company to trade in the securities of the Company, regardless of whether the Inside Information is specifically communicated to such person or company.

If any Employee has any doubt with respect to whether any information is Inside Information or whether disclosure of Inside Information is in the necessary course of business, the individual is required to contact the Chair or his or her delegate.

## **7. SHORT TERM TRADING IN COMPANY SECURITIES**

Short-term trading refers to trading in and out of Company Securities over a short period. Employees are prohibited from engaging in short-term trading of Company Securities within one month. For the purposes of this clause 7, exercising options is not included in the concept of short-term trading.

## **8. PASSIVE TRADING IN COMPANY SECURITIES**

Employees may participate during closed periods in the passive acquisition of Company Securities in plans approved by the Company's Board, such as dividend reinvestment plans, share purchase plans and rights issues, with the proviso that an election to participate, once given, cannot be revoked during a closed period.

The exercise of options is permitted during a closed period in accordance with the terms and conditions of those options, however, the Securities issued in respect of such options or share purchase plan are subject to this Code and may not be traded during a closed period, including the closed period in which the Securities have been acquired.

## **9. PROHIBITION OF CREDIT**

Broker credit (beyond T+3), margin lending or leveraged equity providers (by whatever name and under whatever guise) must not be used in relation to Company Securities without the fully informed consent of the Board.

Employees must inform the Board of all details concerning any broker credit, margin lending or leveraged equity arrangements in place in respect of any trading (including, without limitation, prospective trading) in Company Securities.

## **10. HEDGING**

Employees are prohibited under this Code from entering into any schemes or arrangements that protect the value of Securities allocated under Company incentive schemes prior to them becoming fully vested. Any breach of this prohibition will also constitute a breach of the conditions of grant and could result in the forfeiture of the Securities.

## **11. BREACH OF CODE**

A breach of this Code by an Employee can be expected to:

- (a) lead to disciplinary action, generally in the form of dismissal or termination of the relationship at first lawful instance, and any person who is suspected of breaching this Code may be suspended from attending the workplace on full pay pending the outcome of investigations into the alleged breach); and
- (b) be reported to the authorities for investigation if the circumstances warrant, in the view of the Company; and
- (c) lead to criminal liability (substantial fines or imprisonment or both) or civil liability (substantial fines or compensation orders).

Where a company is found to have committed an offence, the directors, officers and supervisory personnel of the company may be subject to the same or additional penalties. In addition, an actual or suspected breach of this Code may give rise to adverse public scrutiny and media comment. It is therefore important that Employees adhere to this Code at all times.

## **12. DISCLOSURE**

Any trading in Company Securities by Employees must be notified to the Company Secretary within three days of such trading, including whether the Securities were traded during a closed period, and the details of the prior written clearance obtained in accordance with clause 4.

## **13. REPORTING REQUIREMENTS**

The directors, certain officers and certain other employees of the Company and its subsidiaries are "Reporting Insiders" under applicable securities laws. Reporting Insiders are required to file reports of any direct or indirect beneficial ownership of, or control or direction over, securities of the Company and of any change in such ownership, control or direction with Canadian provincial securities regulators, using the electronic filing system known as SEDI. In addition, Reporting Insiders must also include in their reports any monetization, non-recourse loan or similar arrangement, trade or transaction that changes the Reporting Insider's economic exposure to, or interest in, securities of the Company and which may not necessarily involve a sale, whether or not required under applicable law.

It is the responsibility of each Reporting Insider (and not the Company) to comply with these reporting requirements, and Reporting Insiders are required to provide the Chair or his or her delegate with a copy of any insider report completed by the Reporting Insider concurrent with or in advance of its filing. The Company will assist Reporting Insiders in the preparation and filing of insider reports upon request. To facilitate timely filings, Reporting Insiders should provide the

Chair or his or her delegate with information about any trade subject to insider reporting within 24 hours of such trade being made.

Some officers of the Company or its subsidiaries may be eligible to be exempted by applicable securities law from the requirements to file insider reports.

A person that is uncertain as to whether he or she is a Reporting Insider or whether he or she may be eligible to be exempted from these requirements should contact the Chair or his or her delegate. Reporting Insiders who are exempted from these requirements remain subject to all of the other provisions of applicable Canadian and Australian securities law and this Code, (including for the avoidance of doubt, the requirements under Accounting Standard AASB 124 Related Party Disclosure that applies to key management personnel).

#### **14. ENFORCEMENT**

All Employees will be provided with a copy of this Code, and shall execute the certification set out in Schedule "A" regarding acknowledgement of and compliance with the procedures and restrictions set forth in this Code. It is a condition of their appointment, employment or engagement that each of these persons at all times abide by the standards, requirements and procedures set out in this Code unless a written authorization to proceed otherwise is received from the Chair or his or her delegate. Any such person who violates this Code may face disciplinary action up to and including termination of his or her employment or appointment with or engagement by the Company without notice. The violation of this Code may also violate certain securities laws. If it appears that a director, officer, employee or consultant may have violated such securities laws, the Company may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

#### **15. APPLICATION OF CODE**

If any Employee possesses Inside Information, such person is prohibited from procuring any other person to trade in those Securities and from directly or indirectly communicating the information to another person who the Employee believes is likely to trade in, or procure another person to trade in, those Securities.

It is important that any Employee who possesses Inside Information does not pass that information on to any other party or person or recommend or otherwise suggest to any person or Associates to trade in Company Securities.

Accordingly, this Code applies equally to persons acting for Employees or with whom it may appear Employees may communicate the Inside Information – that is, the spouse, children, family trusts, family companies of Employees or other Associates of Employees must not trade in Company Securities otherwise than in accordance with this Code.

Employees should also ensure that, before any external body of which they are a member, director, representative or trustee (for example, personal or family superannuation funds) undertakes any transaction regarding Company Securities, any trading in Company Securities complies with this Code.

This Code will be administered by the Company Secretary with input from the Chair. The Company Secretary will be available to answer any questions any Employee may have in relation to the Code. However, neither the Company nor the Company Secretary is to be held

responsible for any answers or any act or omission by any Employee in reliance on those answers. It is each Employee's responsibility to comply with the law, so if any Employee is in any doubt legal advice should be obtained.

This Code is subject to regular review by the Board and will be amended as and when appropriate.

**SCHEDULE "A"**

**Certification – Insider Trading Policy of Cardinal Resources Limited**

The undersigned hereby certifies that he/she has read and understands the Company's Code for Trading in Securities, a copy of which is attached hereto, and agrees to comply with the procedures and restrictions set forth therein.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_  
(please print)