



## SECURITIES TRADING POLICY

### 1. BACKGROUND

***Mustang Resources Limited*** ("Mustang") has a policy that imposes certain restrictions on directors and management trading in the Company's securities.

The policy has been adopted to prevent trading in contravention of the insider trading provision of the Corporations Act 2001 (Cth), in particular when Company personnel are in possession of price-sensitive information.

The general aim of this policy regarding dealings by directors and management in Mustang's securities is that those persons should:

- (a) never engage in short term trading of Mustang's securities;
- (b) never deal in Mustang's securities while in possession of price sensitive information;
- (c) Seek approval from the Managing Director of any intended transactions involving Mustang's securities (the Managing Director to seek approval from the Chairman); and
- (d) Subject to the above conditions, not trade Mustang's securities during nominated black-out periods.

The law imposes a number of significant restrictions on directors and other employees of companies when they deal in their company's securities. As fiduciaries, these corporate managers must not utilise their position for their own gain or for the gain of any person other than their Company.

The Corporations Act 2001 (Cth) imposes severe penalties (both criminal and civil) on persons who conduct insider-trading activities. Perhaps more importantly, any perception of improper conduct by members of Mustang has the potential to substantially damage Mustang's reputation.

This is an important document. It is the personal responsibility of each individual to comply with this policy. If you do not understand any aspect of this policy, it is strongly recommended that you contact the Company Secretary.

## 2. OVERVIEW OF THE INSIDER TRADING PROVISIONS OF THE CORPORATIONS ACT

It is illegal for anybody to deal in any securities of a body corporate (including Mustang), when in possession of information that the person knows, or ought reasonably to know:

- a) is not generally available (including information that has not been disclosed to the market in accordance with Mustang's Continuous Disclosure policy); and
- b) might have a material effect on the price or value of those securities if it was generally available ("**Inside Information**").

This prohibition extends to procuring another person to deal, and, in the case of securities of listed corporations, extends to communicating the inside information to another person, if the person knows, or ought reasonably to know, that the other person would, or would be likely to, deal in the securities in question or procure another person to do so.

"**Dealing**" includes applying for, acquiring or disposing of or entering into an agreement to apply for, acquire or sell, securities, and "**deal**" has a corresponding meaning.

"**Securities**" includes shares, derivatives and other financial products that can be traded on a financial market including financial products issued or created over Mustang's securities by third parties and products which operate to limit economic risk in securities holdings in Mustang.

## 3. CONFIDENTIALITY AND INSIDE INFORMATION

A person in possession of Inside Information about Mustang has a duty to keep that information confidential and must not in any way disclose or communicate that information to any person. Confidentiality is also stressed in relation to external advisers.

## 4. KEY MANAGEMENT PERSONNEL RESTRICTIONS ON TRADING

Mustang's Key Management Personnel, whose positions expose or is likely to expose them to Inside Information regarding Mustang, include:

- (a) the directors;
- (b) the Managing Director / Chief Executive Officer, the Chief Financial Officer, the Company Secretary; and

- (c) any other employee, who may have access to Inside Information in the course of their duties

(collectively called “Key Management Personnel (KMPs)” for the purposes of this policy) are to be subject to restrictions on trading in Mustang’s securities.

## **5. ASSOCIATED PARTIES**

Each person to whom this policy applies has a personal responsibility to ensure that his or her “associated parties” (being immediate family (including spouse or de facto spouse or dependent), family company or trust) complies with the same respective restrictions as apply to that person.

## **6. RESTRICTIONS ON KMP’S DEALING IN MUSTANG’S SECURITIES**

KMPs and their associated parties are prohibited from dealing in Mustang’s securities during any of the following defined black-out periods:

- (a) one month before and 24 hours after the release of the Company’s financial results for the full year;
- (b) one month before and 24 hours after the release of the Company’s financial results for the half year;
- (c) two weeks before and 24 hours after the release of the Company’s Quarterly Activities and Cash Flow Report;
- (d) 24 hours after the release of an Announcement made to ASX which ASX determines as price sensitive;
- (e) any other periods determined by Mustang from time to time to meet its continuous disclosure obligations.

## **7. EXEMPTION TO TRADE DURING BLACK-OUT PERIOD**

The Board may, in exceptional circumstances only, approve any KMP or his or her associated parties dealing in Mustang's securities during a black-out period. An exemption will not be granted by the Board if it considers there is in existence confidential price sensitive information (Inside Information) that has not previously been released.

A KMP who is not in possession of Inside Information in relation to Mustang, may be given clearance to deal if he or she is in severe financial difficulty or there are other exceptional circumstances.

Clearance may be given for such a person to sell (but not purchase) Mustang's securities when he or she would otherwise be prohibited by this procedure from doing so. The determination of whether the person is in severe financial difficulty or whether there are exceptional circumstances can only be made by the Managing Director.

A person may be regarded as being in severe financial difficulty if he or she has a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant Mustang securities. A liability to pay tax would not normally constitute a severe financial difficulty unless the person has no other means of satisfying the liability. A circumstance will be considered exceptional if the person in question is required by a court order to transfer or sell the Mustang's securities or if there is some other overriding legal requirement for him or her to do so.

The following dealings are regarded as permitted dealings for the purpose of section 7:

- (a) 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 entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- (b) Undertakings to accept, or the acceptance of a takeover offer;
- (c) Dealing where the beneficial interest in the relevant Mustang security does not change;
- (d) Transfers of securities of the entity already held in a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
- (e) An investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the entity) where the assets of the fund or other scheme are invested at the discretion of a third party;

- (f) Where a restricted person is a trustee, trading in the securities of the entity by that trust provided the restricted person is not a beneficiary of the trust and any decision to trade during a black-out period is taken by the other trustees or by the investment managers independently of the restricted person;
- (g) A disposal of securities of the entity that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement;
- (h) 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 a convertible security, falls during a black-out period and the entity has been in an exceptionally long black-out period or the entity has had a number of consecutive black-out periods and the restricted person could not reasonably have been expected to exercise it at a time when free to do so;
- (i) The grant of securities by the Board under an employee's securities scheme to employees other than KMPs may be permitted during a black-out period if such grant could not reasonably be made at another time;
- (j) Trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in the trading policy and where:
  - (i) The restricted person did not enter into the plan or amend the plan during a black-out period;
  - (ii) The trading plan does not permit the restricted person to exercise any influence or discretion over how, when or whether to trade; and
  - (iii) The entity's trading policy does not allow for the cancellation of a trading plan during a black-out period other than in exceptional circumstances.

## **8. PROHIBITION ON ACTIVE TRADING**

Dealing in the securities of the Company is subject to the prohibition that KMPs must not engage in the business of active dealing in the Company's securities. This means that KMPs must not actively trade in the Company's securities with a view to deriving profit related income from that activity. "Active trading" for this purpose means to deal in the Company's securities in a manner that involves frequent and regular trading activity.

**9. BOARD OF DIRECTORS DISCRETION**

The Board of Mustang has an absolute discretion to place an embargo on KMPs and employees and their respective associated parties trading in Mustang's securities at any time.

**10. CLEARANCE RULES IN RELATION TO DEALING IN MUSTANG'S SECURITIES**

KMPs with access to confidential price sensitive information are required to seek clearance from the Managing Director prior to initiating any dealings in securities, by themselves or their associated parties, at least three days prior to such intended dealings. This clearance request should be submitted by written notice to the Managing Director (or Chairman in the case of the Managing Director) of Mustang outlining:

- (a) Name of security holder;
- (b) Proposed date of dealing;
- (c) Type of proposed transaction (purchase / sale, etc); and
- (d) Number of securities involved.

Clearance requests may be submitted and responded to by mail, email or facsimile.

A person who is given clearance to deal in accordance with this section must deal as soon as possible.

Following completion of the proposed dealing, the KMP must provide confirmation to the Company Secretary that the dealing has occurred, and details of the price per security.

**14. DIRECTORS TO NOTIFY ASX OF SHAREHOLDING**

ASX Listing rule 3.19B requires Mustang to make arrangements with each director to ensure that the director discloses to Mustang all the information that Mustang requires for it to satisfy its obligations to advise ASX of notifiable interests of directors. Each director will enter into an agreement with Mustang in the form of that annexed to this Policy.

**15. DISCLOSURE**

In order to maintain transparency, this policy is to be disclosed in the annual report and be made publicly available via the Company's website.