Insider Dealing and Market Abuse Policy

Cobra Resources plc

INTRODUCTION

1.1. The Company, its directors and employees must understand and comply with the rules prohibiting insider dealing and market abuse. The rules are designed to prevent the misuse of inside information and to prevent the dissemination of false or misleading information to the market. There are three key areas of legislation to be aware of:

(a) the criminal offence of insider dealing contained in Part V of the CJA;

(b) the criminal offences relating to misleading statements and impressions set out in sections 89 and 90 of the FSA and to false representations set out in sections 2 and 3 of the Fraud Act, and

(c) the market abuse regime which is set out in the Market Abuse Regulation.

These are extremely serious offences, the penalty for certain of which may lead to imprisonment of up to ten years. In addition, persons who breach the provisions described in Policy may be subject to disciplinary action by the Company.

1.2. The purpose of this Policy is to ensure that directors and those employees having access to inside information about the Company are aware of their responsibilities in relation to the proper treatment of inside information relating to the Company and the penalties for a failure to comply with the relevant legislation. Such persons should also familiarize themselves with the Company's *Dealing Code*, copies of which will have been provided to them and are available, along with this Policy, on the Company's internal website.

1.3. The Company has established a Disclosure Panel which has the ultimate responsibility for determining whether information constitutes inside information and is therefore subject to the prohibitions on insider dealing and market abuse. Any person who is not clear whether information is or may be inside information should contact a member of the Disclosure Panel.

1.4. A list of the definitions used in this Policy can be found at paragraph 5.

2. **INSIDER DEALING**

2.1. Under the CJA, it is a criminal offence for an individual who has "inside information" as an "insider" to deal in securities which are "price affected securities" in relation to that information, or to encourage another person to deal. It is also a criminal offence for an insider to disclose the information to another person, other than in the proper performance of his employment, office or profession. It is not necessary for an acquisition or disposal of shares to take place for a person to be found guilty of the offence of disclosing inside information to another person.

2.2. An insider is an individual who knowingly has inside information from an inside source, that is if:

(a) he has the information through being a director, employee or shareholder of an issuer (not necessarily of the same issuer to which the information relates);

(b) he has it through having access to the information by virtue of his employment, office or profession, or

(c) the direct or indirect source of his information is a person falling within one of the above.

2.3. Inside information is information which:

(a) relates to particular securities or to a particular issuer or issuers and not to issuers or securities generally;

(b) is specific or precise;

(c) has not been made public; and

(d) if it were made public would be likely to have a significant effect on the price of any securities.

The expression "made public" is crucial. If it can be shown that the particular information has been made public, then no offence has been committed. Recognising this, the legislation gives examples (which are not exhaustive) in which the test is or may be satisfied. For example, information is be treated as made public if it is published in accordance with the rules of a regulated market. Whether particular information satisfies one of these tests depends on all the circumstances. The prohibitions on dealing, encouraging dealing and disclosing information apply in respect of securities which are price affected securities in relation to the information, which means that, if made public, the information would be likely to have a significant effect on their price or value.

2.4. From time to time the directors and certain employees of the Company will be in possession of inside information concerning the Company. At these times, such persons will not be able to deal in the Company's shares, nor must they disclose such inside information to any person other than in the proper course of their employment.

2.5. In some cases a director or employee may also acquire inside information about another company (for example, one of the Company's customers). Dealings in that other company's shares, or disclosure of that information, may then also be prohibited.

2.6. Insider dealing is a criminal offence and is punishable with imprisonment of up to seven years or a fine or both.

3. MISLEADING STATEMENTS AND IMPRESSIONS

3.1. Section 89 of the FSA (misleading statements) makes it an offence for a person to:

(a) make a statement which he or she knows to be false or misleading in a material particular;

(b) make a statement which is false or misleading in a material particular, being reckless as to whether it is; or

(c) dishonestly conceals any material facts, whether in connection with a statement made by such person or otherwise,

if he or she does so for the purpose of inducing, or is reckless as to whether it may induce, another person to enter into, or to refrain from entering into, an agreement relating to an investment such as an application to subscribe for shares or to exercise, or refrain from exercising, rights conferred by an investment.

3.2. A person would be regarded as "reckless" if he or she deliberately shuts his or her eyes to the fact that the statement is misleading or if he or she does not consider its accuracy. Recklessness does not require any dishonest intent.

3.3. Section 90 of the FSA (misleading impressions) makes it an offence for a person to do anything which creates a false or misleading impression as to the market in or the price or value of any investment if he or she intends to create the impression and either:

(a) by creating such an impression, that person intends to induce another person to acquire, dispose of, subscribe for or underwrite the investments or to refrain from doing so or to refrain from exercising any rights conferred by the investment; and/or

(b) the person knows that the impression is false or misleading or is reckless as to whether it is and he or she intends by creating the impression to make a gain for him or herself or another person, or to cause a loss to another person or expose them to the risk of a loss, or such person is aware that in creating the impression any such gain or loss is likely.

3.4. The directors and employees of the Company could be liable under sections 89 and/or 90 of the FSA in the event that they deliberately or recklessly release any information to the market, which is false or misleading. Similarly, a dishonest failure to disclose any inside information to the market in circumstances in which there is no justification for such delay may be an offence under section 89 of the FSA.

3.5. It is a defence under section 90 of the FSA for a person to show that he or she reasonably believed that their conduct would not create a false or misleading impression.

3.6. The penalty for breach of sections 89 and 90 of the FSA is an unlimited fine or imprisonment for a maximum of seven years.

3.7. Section 2 of the Fraud Act provides that it is a criminal offence to make a false representation by words or conduct as to any fact, law or state of mind of any person whether express or implied, either knowing that the representation is false or misleading, or being aware that it might be (note that the victim of the representation need not actually rely upon it).

3.8. Section 3 of the Fraud Act provides that it is a criminal offence to fail to disclose information where there is a legal duty to do so. Such legal duties can derive from statute (e.g. the provisions governing company prospectuses under FSMA); contract, custom of a trade or market, or from a fiduciary relationship.

3.9. To fall within the fraud offence the relevant behaviour must be dishonest (dishonesty being measured according to the ordinary standards of reasonable and honest people. If such behaviour would be regarded as dishonest by such people, the next test to be satisfied is that the person concerned must realise his or her actions were dishonest according to those

standards) and it must intend to secure either a gain for the person concerned (or another) or to cause loss, or expose another to the risk of loss, of money or any other property. No gain or loss need actually be suggested for the offence to be committed.

3.10. Liability under section 2 or section 3 of the Fraud Act could therefore arise in similar circumstances outlined in paragraph 3.4 above (save that the Fraud Act does not make reference to the concept of "recklessness", as described above, an element of dishonesty is required). Therefore, if information was dishonestly released to the market and the directors of the Issuer knew it was false or misleading (or that it might be so) they could be liable under section 2 of the Fraud Act. Similarly, if, acting dishonestly, they failed to disclose inside information to the market where legally obliged to do so, they may be liable under section 3 of the Fraud Act.

3.11. A corporate body may commit the offence of fraud and any director, manager, secretary or other similar officer of the company (or any person purporting to act in such capacity) will also commit the relevant offence if the company's offence is proved to have been committed with the consent or connivance of the individual.

3.12. The penalty for breach of either section 2 or section 3 of the Fraud Act is imprisonment of up to ten years and/or an unlimited fine for a conviction on indictment.

4. MARKET ABUSE

4.1. The market abuse offence is contained in the Market Abuse Regulation, which creates an EU-wide regime for the prevention and detection of market abuse. The market abuse regime supplements, rather than replaces, the insider dealing provisions in the CJA. Whilst the CJA created a criminal regime for insider dealing, in the UK, market abuse is a civil offence.

4.2. Market abuse is behaviour which occurs in relation to shares or other financial instruments admitted to trading on a regulated market (such as the London Stock Exchange to which the Company's shares are admitted to trading) or those admitted to trading on multilateral trading facilities (for example, AIM) and organized trading facilities. The market abuse regime also extends to financial instruments, the price or value of which depends on or has an effect on the price or value of a financial instrument referred to above (this includes, by way of example, contracts for difference).

4.3. There are a number of types of behaviour which may constitute market abuse, examples of which are set out below:

(a) dealing, or attempting to deal in shares or other financial instruments on the basis of inside information relating to the investment in question. The offence of insider dealing also encompasses a situation where an insider recommends or induces another person to engage in insider dealing. Please note that insider dealing under the Market Abuse Regulation is separate offence to the offence of insider dealing set out in the CJA;

(b) disclosing inside information to another person other than in the normal exercise of a person's employment, profession or duties;

(c) entering into transactions, placing an order to trade or any other behaviour which gives or is likely to give, false or misleading signals as to the supply of, demand for, or price of, shares or other financial instruments or which secures or is likely to secure the price of one of more financial instruments at an abnormal or artificial level;

(d) entering into transactions or placing an order to trade or any other behaviour which affects or is likely to affect the price of one of more financial instruments which employs a fictitious device or any other form of deception or contrivance;

(e) disseminating information through the media, including the internet or by any other means which gives or is likely to give false or misleading signals as to supply of, demand for, or price of, shares or other financial instruments or is likely to secure the price of one or more financial instrument at an abnormal or artificial level, including the dissemination of rumours, where the person who made the dissemination knew or ought to have known that the information was false or misleading; and

(f) transmitting false or misleading information or providing false or misleading inputs in relation to a benchmark where the person who made the transmission or provided the input knew, or out to have known, that it was false or misleading, or any other behaviour which manipulates the calculation of a benchmark.

4.4. Behaviour includes dealing in securities, disseminating information and managing investments, and it covers actions and omissions (such as failure by the directors of the Company to make a required disclosure to the market).

4.5. In the context of the market abuse regime, “inside information” is information relating to an issuer:

(a) of a precise nature;

(b) which has not been made public;

(c) relating directly or indirectly to any member of the issuer’s group or any of their securities; and

(d) which, if made public, would be likely to have a significant effect on the price of the issuer’s securities or related derivative financial investments.

4.6. The information in question will need to satisfy each limb of the test described above to be classified as inside information. In determining whether the information in question would be likely to have a significant effect on the price of a company’s shares, it is necessary to assess whether the information is of a kind which a reasonable investor would be likely to use as part of the basis of his investment decision.

4.7. Every director and employee of the Company must ensure that inside information of which they are aware relating to the Company or any other company (such as a customer of the Company) is kept confidential and is not disclosed to any person other than in the normal exercise of the director’s or employee’s employment. In addition, directors and employees must not deal in the Company’s shares when in possession of inside information relating to the Company.

4.8. The FCA has power either to impose unlimited financial penalties or publicly censure a person if that person has engaged in market abuse or has taken any action to recommend or induce another person to do so. Both the Company and its directors and employees can be liable for a breach of the market abuse regime.

5. DEFINITIONS

"**Company**" means Cobra Resources plc.

"**CJA**" means Criminal Justice Act 1993.

"**Disclosure Panel**" means the disclosure panel of the Company which has the ultimate responsibility for determining whether information constitutes inside information and is therefore subject to the prohibitions on insider dealing and market abuse.

"**FSA**" means Financial Services Act 2012.

"**Fraud Act**" means the Fraud Act 2006.

"**Market Abuse Regulation**" means EU Regulation 596/2014.

"**Policy**" means this insider dealing and market abuse policy.

POLICY OWNER	The Company owns this Policy
APPROVAL	This Policy has been approved by the Board
IMPLEMENTATION	The Compliance Officer is responsible for ensuring that the Company's governance structures and procedures are adequate to meet the requirements of this Policy
DATE APPROVED	November 2018
EFFECTIVE DATE	November 2018