



# CENTRAL PETROLEUM LIMITED

ABN 72 083 254 308

## SECURITIES DEALING POLICY

### 1. INTRODUCTION

Central Petroleum Limited ("**Central Petroleum**") has adopted this Securities Dealing Policy to regulate dealings by a Restricted Person in securities issued by Central Petroleum.

### 2. PURPOSE

The purpose of this policy is to ensure that Restricted Persons are aware of the legal restrictions of dealing in securities while such a person is in possession of inside information concerning Central Petroleum and any of its subsidiaries.

In addition, this policy is intended to minimise the possibility that misunderstandings or suspicions arise that a Restricted Person is dealing while in possession of inside information.

### 3. DEFINITIONS

"*deal*" or "*dealing*" in securities is a broad concept and covers more than simply buying or selling securities. It extends to:

- (a) subscribing for new securities, exercising options over securities and creating a derivative over securities and includes entering into an agreement to do any of those things; and
- (b) advising, procuring or encouraging another person (such as a family member, friend, associate, colleague, broker, financial planner, investment adviser, family company or family trust) to deal in securities.

"*inside information*" is information (either positive or negative) which:

- (a) is generally not available to the people who commonly invest in securities; and
- (b) if it were generally available, would (or would be likely to) influence investors who commonly invest in securities in deciding whether or not to subscribe for, purchase, sell or otherwise deal with the relevant securities.

The financial impact of the information is important, but strategic and other implications can be equally important in determining what amounts to inside information. The definition of "information" is broad enough to include rumours, matters of supposition, intentions of a person (including Central Petroleum) and information which is not definite enough to warrant public disclosure.

Inside information includes (without limitation) information that a reasonable person would expect to have a material (either positive or negative) effect on the price or value of Central Petroleum securities. Examples of inside information may include:

- (a) positive or negative drilling results including (without limitation) interim drilling results or results of preliminary hydrocarbon indicators during the drilling process (such as flow data, drill cutting analysis, drill stem tests, logging results or background gas results);
- (b) exploration results, reserves results, production figures and the like;
- (c) results from production optimisation or enhancement;
- (d) unpublished announcements;
- (e) changes in capital structure, including (without limitation) share issues, rights and the redemption of securities;
- (f) impending mergers, corporate 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 Central Petroleum or its subsidiaries;
- (i) cash flow information;

- (j) management restructuring or Board changes;
- (k) an entity proposing to buy or a security holder proposing to sell, a substantial number of Central Petroleum securities;
- (l) decisions on significant issues affecting Central Petroleum by regulatory bodies in Australia or other relevant jurisdictions (such as ASIC or the ACCC);
- (m) allegations of any breach of the law or other regulatory requirements by Central Petroleum;
- (n) major or material purchases or sales of assets;
- (o) imminent new significant contracts yet to be announced or termination of a significant contract, including (without limitation) gas sales agreements; and
- (p) any matter which would be required to be disclosed under the ASX continuous disclosure rules.

“*Restricted Person*” means:

- (a) directors, officers, employees (full-time, part-time and casual), consultants and contractors of the Central Petroleum or any of its subsidiaries;
- (b) the spouse, child or any other person whom a person referred to in (a) may be expected to control or have significant influence over, including (without limitation) other immediate family members;
- (c) partners or fellow directors of family partnerships and companies;
- (d) a trust for which a person referred to in (a), (b) or (c) above, acts as trustee or as a director of its trustee company; and
- (e) an investment fund which effectively acts at the direction of a person referred to in (a), (b) or (c) above.

“*securities*” include ordinary shares, preference shares, options or share acquisition rights, debentures and convertible notes and also financial products relating to a company’s securities (for example, warrants and other derivative products), irrespective of whether the financial products are created by the company or by third parties.

“*spouse*” and “*child*” have the same meaning as defined in s.9 of the *Corporations Act 2001* (Cth).

“*subsidiary*” has the same meaning as defined in s.9 of the *Corporations Act 2001* (Cth).

## **4. RESTRICTIONS ON TRADING**

### **4.1 Insider trading prohibition**

Insider trading is a serious offence under the *Corporations Act 2001* (Cth).

Consistent with the legal prohibitions on insider trading contained in the *Corporations Act 2001* (Cth), all Restricted Persons are prohibited from dealing in Central Petroleum securities while in possession of inside information.

A Restricted Person, whilst in possession of inside information, must not:

- (a) deal in securities affected by such information; and
- (b) communicate the information to any person if they know or ought to know that the other person will use the information, directly or indirectly, for dealings in securities.

This prohibition is an overriding obligation and applies despite anything else in this policy (including whether the dealing or communication of inside information occurs outside a blackout period referred below) and regardless of how you learnt the inside information. It applies not only to Central Petroleum securities, but also to the securities of other companies.

Insider trading is a criminal offence attracting substantial fines and/or significant periods of imprisonment. Alternatively, significant civil penalties may be imposed. In both cases the offender may also be ordered to pay

compensation to anyone who suffered loss as a result of the insider trading.

It does not matter how a Restricted Person came to have the inside information - for example whether it was learnt in the course of carrying out responsibilities, in passing in the corridor, in the lift or at a social occasion.

## **4.2 Dealing by Restricted Persons**

A Restricted Person is required to advise the Company Secretary of their intentions prior to undertaking any dealing in Central Petroleum securities.

The Restricted Person must not undertake the disclosed dealing until the dealing is considered and cleared by the CEO and Chairman.

If the CEO or Chairman considers there to be inside information, they must not clear a security dealing until after the time of public release of that information.

## **4.3 Short-term and other speculative dealing**

Speculating in short-term fluctuations in Central Petroleum securities does not promote shareholder or market confidence in the integrity of Central Petroleum.

It is Central Petroleum's policy that you must not engage, directly or indirectly, in short-term or speculative dealing in Central Petroleum securities.

Sale of securities acquired under Central Petroleum's employee share and equity incentive plans is not considered to be a short term or speculative dealing.

## **4.4 Margin lending arrangements**

If you are a director or company secretary of Central Petroleum or any of its subsidiaries or a direct report to the CEO, you must not enter into margin lending or any other arrangements where any form of security is granted over Central Petroleum securities.

Other employees should note that margin lending and other such arrangements could result in forced sale of securities in breach of insider trading laws or this policy, such as during a period when you are in possession of or could be perceived to be in possession of inside information.

## **4.5 Employee Share and Equity Incentive Plans**

This policy does not restrict participation in Central Petroleum's employee share and equity incentive plans but does apply in respect of any subsequent dealing in Central Petroleum securities to which a Restricted Person becomes entitled under those plans.

Any elections required to be made or rights to be exercised at the discretion of a Restricted Person under the terms of a Central Petroleum employee share or equity incentive plan may not be made or exercised during a blackout period without the prior approval of the CEO and Chairman.

The requirement to seek prior approval or acknowledgement under Section 4.2 does not apply to any actions required to accept an invitation to participate in a Central Petroleum employee share or equity incentive plan during a designated offer acceptance window.

## **5. BLACKOUT PERIOD**

In a certain 'blackout period' which precedes important announcements Central Petroleum makes, a Restricted Person must not deal in Central Petroleum securities. This blackout period is designed to assist Restricted Persons to comply with the insider trading provisions of the *Corporations Act 2001* (Cth).

Central Petroleum's blackout periods are as follows:

- (a) from 31 December until 24 hours after the release of Central Petroleum's half yearly report;
- (b) from 30 June until 24 hours after the release of Central Petroleum's annual report;

- (c) 5 business days prior to and 24 hours after the release of Central Petroleum's quarterly reports;
- (d) the period between the date on which Central Petroleum releases its Notice of Annual General Meeting to and including the date of the Annual General Meeting; and
- (e) any other period Central Petroleum has declared from time-to-time to be a blackout period.

## **6. SITUATIONS WHEN DEALING IN A BLACKOUT PERIOD MAY BE ALLOWED**

Under certain circumstances detailed below a Restricted Person may, so long as they are not in possession of inside information, sell or otherwise dispose of their securities during a 'blackout period'. They must first seek written approval from the CEO to do so.

### **6.1 Severe Hardship**

A person may be suffering severe financial hardship if he or she has a pressing financial commitment that cannot be satisfied otherwise than by selling Central Petroleum securities.

A tax liability is not considered a severe financial hardship unless the person has no other means to satisfy that liability.

### **6.2 Legal or Regulatory Requirement**

The following are considered to be exceptional circumstances:

- (a) if a person is compelled by Court Order;
- (b) there are court enforceable undertakings to transfer or sell Central Petroleum securities (e.g. a bona fide family settlement); or
- (c) an overriding legal or regulatory requirement for him or her to do so.

### **6.3 Other Exceptional Circumstances**

Any other circumstance that is deemed exceptional by the CEO in consultation with the Chairperson or if one of them is unavailable, in consultation with the Chairperson of the Audit Committee, and they are satisfied the Restricted Person is not in possession of inside information.

### **6.4 Application for written approval**

All applications must be made to the CEO detailing the particular circumstances.

The person must ensure that they complete the dealings within 5 working days from receipt of the written approval, and may be extended by the CEO in consultation with the Chairperson or if one of them is unavailable, in consultation with the Chairperson of the Audit Committee, in the interests of Central Petroleum as a whole.

## **7. DEALING EXCLUDED FROM SECURITY DEALING POLICY**

For the purposes of listing rule 12.12.3 the following security dealing is excluded from the operation of this policy:

- (a) transfers of securities of Central Petroleum already held into a superannuation fund or other saving scheme in which the Restricted Person is the beneficiary;
- (b) an investment in, or dealing in units of, a fund or other scheme (other than a scheme only investing in the securities of Central Petroleum) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (c) where a Restricted Person is a trustee, dealing in Central Petroleum securities by that trust provided the Restricted Person is not a beneficiary of the trust and any decision to deal during a prohibited period is taken by the other trustees or by the investment managers independently of the Restricted Person;

- (d) undertakings to accept, or the acceptance of, a takeover offer;
- (e) dealing under an offer or invitation made to all or most of the security holders, such as, 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 the entitlements and the sale of entitlements required to provide for the take up of balance of entitlements under a renounceable pro rata issue;
- (f) a disposal of Central Petroleum securities that is a result of a secured lender exercising their rights, for example, under a margin lending arrangement;
- (g) 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 the security, falls during a prohibited period and Central Petroleum has been in an exceptionally long prohibited period or Central Petroleum has a number of consecutive prohibited periods and the Restricted Person could not reasonably have been expected to exercise it at a time when free to do so; and
- (h) dealing under a non-discretionary dealing plan for which prior written clearance has been provided in accordance with procedures set out in this policy and where:
  - (i) the Restricted Person did not however enter into the plan or amend the plan during a prohibited period;
  - (ii) the dealing plan does not permit the Restricted Person to exercise any influence or discretion over how, when, or whether to deal; and
  - (iii) this policy does not allow the Restricted Person to cancel the dealing plan or cancel or otherwise vary the terms of his or her participation in the dealing plan during a prohibited period other than in exceptional circumstances.

Notwithstanding that the above dealings are excluded from the operation of this policy, they remain subject to the insider trading prohibitions under the *Corporations Act 2001* (Cth).

## **8. HEDGING OF CENTRAL PETROLEUM SECURITIES**

Restricted Persons must not enter into hedging or other financial arrangements which operate to limit the economic risk associated with holding Central Petroleum securities prior to the vesting of those securities or while they are subject to a holding lock or restriction on dealing.

## **9. DIVIDEND REINVESTMENT PLAN**

Restricted Persons may only make application to join, withdraw from or vary their participation in any Central Petroleum dividend reinvestment plan outside a blackout period and may not do so if they possess inside information about Central Petroleum.

## **10. SECURITIES OF OTHER COMPANIES**

In the course of a Restricted Person performing his or her duties or activities for Central Petroleum or any of its subsidiaries the Restricted Person may obtain inside information in relation to another company. For example:

- (a) In the course of negotiating a transaction with Central Petroleum, another company might provide confidential information about itself, or a third party.
- (b) Information concerning a proposed transaction or other action by Central Petroleum might have a material effect on a third party.

The prohibition on dealing is not restricted to inside information affecting Central Petroleum securities.

Accordingly, if a Restricted Person possesses inside information in relation to securities of another company or entity the Restricted Person must not deal in those securities.

## **11. COMPLIANCE**

Strict compliance with this policy is mandatory for all Restricted Persons. A breach of this policy could result in disciplinary action, termination and in more serious cases civil or criminal liability.

## **12. SUMMARY**

This policy is designed to clarify the obligations on Restricted Persons in relation to dealing in Central Petroleum securities, and to help them comply with relevant legislation should they wish to buy and sell Central Petroleum securities.

All queries regarding issues raised in this policy should be directed to the Company Secretary.



Martin Kriewaldt

Chairman of the Board

Date: 20 February 2019