

BASS STRAIT OIL COMPANY LIMITED

(ABN 008 694 817)

SHARE TRADING POLICY

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1. Purpose of document

The purpose of this document is to detail the policy and procedures for the sale and purchase of Shares in Bass Strait Oil Company Limited (ABN 008 694 817) (“Company”) by its directors, executives and employees, all of whom are defined as “Employees”.

2. Introduction

Directors, executives and employees are encouraged to be acquirers and long-term holders of the Company’s Shares. However, it is important that care is taken in the timing of any acquisition or sale of such Shares.

A breach of this Policy by a person may result in disciplinary action or termination of any office, employment or engagement of that person by the Company.

This Policy summarises provisions of the law and is only a general guide. This Policy does not constitute legal advice. If any Director, Executive or Employee of the Company does not understand this Policy or how this Policy may apply to him or her, that person should communicate with the Company Secretary, or seek further advice, or both.

3. Definitions

For the purposes of this Policy.

“Act” means the *Corporations Act 2001 (Cwth)*.

“Associate” has the meaning set out in the Act.

“ASX” means ASX Limited.

“Board” means the board of directors of Company.

“Chairman” means the chairman of the Board.

“Company” includes Bass Strait Oil Company Limited (ABN 008 694 817) and each controlled entity of the Company.

“Company Secretary” means the secretary of the Company.

“contractor” includes consultant.

“Designated Person” means the Chairman, except where the Employee is the Chairman, in which case the Designated Person shall comprise each of the other directors of the Company during any period where the Company has only three directors and, during any period where the Company has more than three directors, shall comprise all those directors or such two of them acting jointly as the Board shall resolve shall be the Designated Person.

“director” means a director of the Company, whether executive or non-executive.

“Employee” includes each director, executive, employee of or contractor to the Company and, in addition, includes any employee of any contractor to the Company engaged in the provision to the Company of the services provided to the Company by that contractor. Unless repugnant to the context in which it appears, a reference to an Employee shall include a reference to that person and each of that person’s Associates within the meaning of the Act.

“executive” means each person who holds a position which makes that person an “officer” of the Company, as that term is defined in the Act.

“generally available information” means information concerning the Company that has been released, published or otherwise communicated to the investing public and:

- (a) which can be easily observed; or
- (b) which has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in the Shares such as by being released to the ASX, published in an annual report or disclosure document, or by otherwise being made available to the investing public in a readily accessible form; or
- (c) which may be deduced, inferred or concluded from any of the above.

“information” has its ordinary meaning, of “*something told; knowledge; items of knowledge; news*” (see the Concise Oxford Dictionary), and under section 1042A of the Act specifically includes:

- (a) matters of supposition and other matters that are insufficiently definite to warrant being made known to the public, and
- (b) matters relating to the intentions, or likely intentions, of a person.

Information can be non-specific; what is drawn from it by way of inference is also included within the statutory definition of information. An inference may be a supposition or a matter of supposition, and therefore within the definition of information in section 1042A of the Act. The supposition would be that which the person drew from the hint or other non-specific information received from another. Thus, an uncommunicated supposition may be within the definition: ASIC v Citigroup (No 4) (2007) 25 ACLC 940.

“Inside information” is information which meets both of the following tests:

- (a) it is not generally available, and
- (b) if it were generally available, a reasonable person would expect it to have a “material effect” on the price or value of Shares.

“material effect”. Under section 1042D, a reasonable person would be taken to expect information to have a material effect on the price or value of particular Shares if (and only if) the information would, or would be likely to, influence persons who commonly acquire Division 3 financial products (as defined in the Act) in deciding whether or not to

acquire or dispose of the Shares. Section 1042D is not predicated on the information having any effect on the price of the Shares.

“officer” has the meaning set out in section 9 of the Act but, insofar as relevant, effectively means:

- (a) a director or secretary of the Company; or
- (b) a person:
 - (i) who makes, or participates in making, decisions that affect the whole, or a substantial part, of the business of the Company; or
 - (ii) who has the capacity to affect significantly the Company’s financial standing; or
 - (iii) in accordance with whose instructions or wishes the directors of the Company are accustomed to act (excluding advice given by the person in the proper performance of functions attaching to the person’s professional capacity or their business relationship with the directors or the Company).

“Policy” means this share trading policy.

“price sensitive information” is “inside information”.

“Proposed Dealing” means any proposed dealing in Shares by an Employee which must be the subject of a Trading Approval before it can be implemented.

“Shares” means securities issued by the Company as defined in section 92 of the Act and derivatives, financial and other products issued or created over the Shares, whether by the Company or by third parties.

“Trading Approval” means an approval to deal in Shares granted to an Employee under clause 6 below in relation to a Proposed Dealing.

4. **Dealing in shares**

4.1 Prohibition on Insider Trading

Section 1043A(1) of the Act contains the primary prohibition on insider trading and provides that:

Subject to this Subdivision, if:

- (a) *a person (the **insider**) possesses inside information; and*
- (b) *the insider knows, or ought reasonably to know, that the matters specified in paragraphs (a) and (b) of the definition of **inside information** in section 1042A are satisfied in relation to the information;*

the insider must not (whether as principal or agent):

- (i) *apply for, acquire, or dispose of, relevant Division 3 financial products, or enter into an agreement to apply for, acquire, or dispose of, relevant Division 3 financial products; or*
- (ii) *procure another person to apply for, acquire, or dispose of, relevant Division 3 financial products, or enter into an agreement to apply for, acquire, or dispose of, relevant Division 3 financial products.*

This restriction is a broad restriction and covers applications for securities as well as acquisitions by other means and disposition of securities. Employees should note that the prohibition covers procuring other persons to carry out any conduct which, if carried out by the Employee, would be illegal.

5. Primary drivers determining Share Trading Policy

In formulating this Policy:

- 5.1 the nature of the Company's business as an exploration company involved in exploration for oil and gas in onshore and offshore areas of Australia has been taken into account.
- 5.2 those matters which are most likely to have a "material effect" on the price of the Shares include, but are not limited to, the following matters:
 - (a) any information regarding a material change in the financial performance or position of the Company, howsoever arising;
 - (b) any decision to write down the assets of the Company in a material amount;
 - (h) a material acquisition or disposition of assets by the Company;
 - (i) an actual or impending change to the capital structure of the Company;
 - (j) results of exploration activity in progress and yet to be announced;
 - (k) any impending material legal proceedings to be initiated by or against the Company; or
 - (l) any regulatory action or investigations undertaken by a government authority.

6. Share Trading Policy

Where any Shares are sold or purchased, or otherwise dealt in, at a time when the Employee possesses inside information then, prima facie, any sale, purchase or other dealing in the Shares will be a breach of insider trading laws, even though the Employee's decision to sell, purchase or deal was not influenced by the inside information that the Employee possessed and regardless of the fact that the Employee may or may not have made a profit or loss on the transaction and regardless of the fact that, when released, the inside information did not necessarily cause the price of the Shares to change.

Where any Employee proposes to deal in Shares the following procedure shall apply:

6.1 The Employee shall give the Designated Person notice of the Proposed Dealing, nominating

- (a) the Shares proposed to be dealt in;
- (b) the nature of the proposed dealing;

By so doing the Employee:

- represents and warrants to the Designated Person and the Company and its directors that the Employee is not in possession of any inside information which might have a material effect on the price or value of Shares;
- acknowledges having received a copy of this Policy;
- releases and indemnifies each of the Designated Person, the Company and each of its directors and officers from and against any loss or damage which the Employee or any of the Employee's Associates may suffer or be liable for as a result of the wrongful imposition of a Trading Lockout and any refusal to grant the Employee a Trading Approval in circumstances where it might subsequently be determined that no inside information existed which justified the Trading Lockout or refusal to grant a Trading Approval. For the purpose of this clause "loss and damage" includes any consequential loss or damage resulting from the inability of the Employee to raise funds from sale of the Shares and all costs and expenses of whatsoever kind or nature which the Employee may incur or be liable for as a result of any action taken against the Employee as a result thereof;

and, by making that application, the Employee hereby publishes each of the above representations, warranties releases and indemnities as a deed poll in favour of each of the Designated Person, the Company and each of its directors and officers.

6.2 On receipt of such an Application, the Designated Person shall consider the Proposed Dealing and:

- (a) if the Proposed Dealing will not occur during a Trading Lockout, as herein defined, grant approval in writing ("Trading Approval") for the Proposed

Dealing; except in circumstances considered exceptional by the Designated Person who may then decline to grant approval.

- (b) If the Proposed Dealing will occur during a Trading Lockout but is a dealing which is covered by any Exclusion as referred to in clause 8 below, grant Trading Approval.
- (c) If the Proposed Dealing will occur during a Trading Lockout, and is not a dealing which is included within an Exclusion, advise the Employee in writing:
 - (i) that the Proposed Dealing falls within the period of a Trading Lockout, and
 - (ii) that Trading Approval is not given.
- (d) No Employee shall deal in any Shares without first having received a Trading Approval in relation to the Proposed Dealing.

6.3 Where a Trading Approval is given by the Designated Person, then the Employee is authorised to deal in the Shares on the basis on which the Trading Approval was granted, which may include advice that any Trading Approval is subject to the occurrence of a circumstance or event which constitutes a circumstance which justifies or results in a present Trading Lockout.

6.4 Any Trading Approval shall remain in force for such period as the Designated Person shall determine at the time of the giving of such Trading Approval, but generally will be a period not exceeding 10 trading days.

6.5 When the Proposed Dealing in respect of which the Trading Approval was granted has been completed, the Employee shall give the Designated Person notice to that effect.

7. **Trading Lockouts**

Having regard to all of the above matters, the directors have determined dealings in Shares shall not be permitted by Employees during the following periods (each a “**Trading Lockout**”). Trading Lockouts are as follows:

7.1 **Participation in drilling of wells**

When the Company is a Participant in any well being drilled, as referred to in clause 5.2(h), the period:

- (a) commencing not later than the spud date for the well as announced by the operator thereof to ASX or as advised by the operator to the Company;

and

- (b) ending after the Company has made an ASX Release on the ASX Company Announcements platform as to the status of the well with such release specifying whether the well has been plugged and abandoned, suspended or resulted in a discovery and, in all cases, providing such details as are normally released as to the nature and extent of any hydrocarbons encountered.

7.2 Release of Financial Information to ASX

The periods commencing from close of trading on ASX five business days prior to the days on which the preliminary annual and half yearly results are released to the ASX and ending after such results or reports are released to the ASX

7.3 General

Without limiting the application of the foregoing, any period:

- (a) commencing from the receipt by the Company of any information which any of the directors consider may have a material effect on the price of the Shares or the convening of a meeting of Directors to consider any matter as referred to in Clause 5.2

and

- (b) ending when either the Designated Person determines, on reasonable grounds, that the information is not price sensitive or the information or a decision by the Board is released through an announcement on the Company Announcements platform of the ASX.

8. Exclusions from Trading Policy

The following circumstances constitute circumstances which entitle a Proposed Dealing being excluded from a Trading Lockout (**'Exclusions'**). The Exclusions are as follows:

8.1 Acquisitions from Company resulting from exercise of prior rights of conversion or acquisition

Employees may at any time:

- (a) acquire Shares from the Company by conversion of securities giving a right of conversion to ordinary shares;
- (b) acquire Shares from the Company under a bonus issue made by the Company to all holders of securities of the same class;
- (c) acquire Shares from the Company under a dividend reinvestment, or top-up plan, that is available to all holders of securities of the same class;
- (d) acquire, or agree to acquire or exercise options under a Company Share Option Plan;

- (e) withdraw Shares on behalf of the employee in an employee share plan where the withdrawal is permitted by the rules of that plan; and
- (f) acquire Shares from the Company as a result of the exercise of options held under an employee option plan.

8.2 Transfers between related parties with no change in beneficial interests

Where the Proposed Dealing will not result in any change in beneficial interest in the Shares or when the Proposed Dealing is between related parties as defined in the Act and is not made through the stock market conducted by ASX;

8.3 Indirect interests where investment decisions made independent of Employee

Where Proposed Dealing will occur through investments in a scheme or other arrangement (other than a scheme only investing in, or primarily in, the securities of the Company) where the investment decisions are exercised by a third party, and where the Employee has no control or influence with respect to trading decisions.

8.4 Dealings where Employee is Trustee or a director of a trustee

Where the Employee is a trustee, or a director of a trustee, trading in the securities of the Company by that trustee on behalf of that trust, provided that one or more of the following circumstances shall exist:

- (a) any decision to deal during a Trading Lockout is taken by the other trustees or directors of the trustee, independently of, and without reference to the Employee; or
- (b) the trustee is compellable by court order to transfer or sell the Shares or where there is a presently enforceable legal obligation to sell or otherwise dispose of such Shares where that sale or disposition is required to be made within the period of the Trading Lockout; or
- (c) where the Shares must be sold to comply with any enforceable regulatory requirements or directions of any governmental authority or body requiring the Shares to be sold or disposed of within the period of the Trading Lockout; or,

8.5 Transfers to self-managed superannuation funds

Where the Proposed Dealing comprises a transfer of securities held by the Employee to the trustee of a self-managed superannuation fund or other saving scheme where the Employee and his spouse or partner and immediate family are the beneficiaries and where the trading constituting the Proposed Dealing is not through the stock market conducted by ASX.

8.6 Takeovers and Mergers

- (a) Undertakings by the Employee to accept or reject a takeover offer, the acceptance or rejection of a takeover offer or the making of recommendations to accept or reject a takeover offer.
- (b) Undertakings by the Employee to vote in favour of or against a merger, voting in favour of or against a merger, or the making of recommendations to vote in favour of or against a merger.

8.7 Participation in offers to Shareholders

Trading by the Employee 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 the entitlements, the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata rights issue and the sale of Shares generally to enable the Employee to take up any pro rata issue.

8.8 Trading during currency of offers under disclosure documents

Trading during the period during which any offer of marketable securities of the Company under a disclosure document or rights issue under section 708AA is open for acceptance .

8.9 Dispositions by third party mortgagees and chargees

The exercise by independent third party mortgagees or chargees of their rights under any mortgage charge or lien over any securities in which any Employee has any interest .

8.10 Trading under non-discretionary trading plans

Trading carried out on behalf of the Employee under a non-discretionary trading plan where:

- (a) the Employee did not enter into the plan or amend that trading plan during a Trading Lockout;
- (b) the trading plan does not permit the Employee to exercise any influence or discretion over how, when, or whether to trade any securities the subject thereof.

8.11 Dispositions under court order

Where the Employee is required by court order to transfer or sell the Shares or where there is a presently enforceable legal obligation to sell or otherwise dispose of such securities where that sale or disposition is required to be made within the period of the Trading Lockout.

8.12 Dispositions under regulatory direction

Where the Shares must be sold to comply with any enforceable regulatory requirement or direction of any governmental authority or body requiring the Shares to be sold within the period of the Trading Lockout.

9. Other prohibited conduct by Employees

In addition to the prohibitions against dealing during a Trading Lockout the following conduct by Employees is also prohibited during a Trading Lockout:

9.1 Varying terms of non-discretionary trading policy

Where the securities in which the Employee has a relevant interest or an equitable interest are the subject of any non-discretionary trading plan, such plan shall not be varied or cancelled by the Employee, or at his direction, during a Trading Lockout.

9.2 Encumbering Shares

The entering into of any charge, mortgage or lien or grant any other security interest over any securities other than with the approval of the Designated Person which shall not be unreasonably withheld. Without limiting the generality of the foregoing the Employee shall not enter into any margin lending scheme or arrangement in relation to Shares during a Trading Lockout.

9.3 Procuring dealings by other persons

The Employee shall not directly or indirectly procure or cause any other person to do any act matter or thing, or refrain from doing any act matter or thing which, if done or refrained from by the Employee, would be a breach of the terms of this Policy or the insider trading provisions of the Act as referred to herein.

10. Notice

Any notice required to be given under this Policy shall be given in writing and may be communicated by letter, facsimile or other electronic means of communication.

BASS STRAIT OIL COMPANY LIMITED: APPLICATION FOR TRADING APPROVAL

PART A: TO BE COMPLETED BY EMPLOYEE

I, the undernamed Employee, hereby apply for Trading Approval in relation to the following Proposed Dealing. By making this application I acknowledge, warrant and represent to and with the Designated Person, the Company and each of the Company's directors and officers as set out in clause 6.1 of the Share Trading Policy under which this Application is made.

Name of Employee	
Registered Holder of securities proposed to be dealt in	
Type of Security	
Maximum number of securities proposed to be dealt in	
Nature of Proposed Dealing	
Circumstances (if any) referred to herein which may cause the Proposed Dealing to fall within any Exclusion in Clause 9	
Other circumstances the Employee requests be taken into account by the Designated Person	
Dated this day of 20__	
Signature of Employee

PART B: TO BE COMPLETED BY DESIGNATED PERSON

GRANT OF TRADING APPROVAL

To:(the "Employee");

- 1. Trading Approval is hereby granted in accordance with your attached Application for Trading Approval subject to any terms and conditions specified below.
- 2. This Trading Approval shall remain in force until the earlier of / /20__ or until you are given notice of a Trading Lockout under clause 7 hereof.
- 3. The Exclusion (if any) relied upon by the Designated Person in granting Trading Approval was as follows:

.....

Dated this day of 20____

.....

Signature of Designated Person

REFUSAL TO GRANT TRADING APPROVAL

- 4. Trading Approval is hereby refused.

Dated this day of 20__

.....

Signature of Designated Person