

Share Trading Policy

INTRODUCTION

Directors, officers and staff may have inside information about the Company that is not generally available to the market. The *Corporations Act* requires that a person who has inside information must not trade in the securities of that entity, either personally or through another person (such as a family member, friend, associate, broker, investment advisor, private company or trust).

This policy sets out clear restrictions in dealings in the securities of Elk Petroleum Ltd (ELK) so that Directors, Employees and Others do not trade in ELK securities in a way that breaches the insider trading laws or compromises confidence in Elk's investor practices.

Every ELK officer and staff member has a personal responsibility to ensure they comply with the law and this policy. A breach of the law relating to insider trading can have serious consequences, including criminal and civil liability, for the company and for an individual. A breach of this policy may lead to disciplinary action, which may include termination of employment.

This policy applies to all Directors and Employees of Elk Petroleum Limited ("the Company") and any subsidiaries of the Company. The policy also applies to Others (ie consultants/contractors) to whom the Board, on the advice of the Managing Director, considers the policy should apply. The policy will collectively be called Elk Petroleum Limited Share Trading Policy (the "Policy").

APPLICATION OF THIS POLICY

The policy applies to Directors, Officers, Employees and Others in the ELK group of companies and includes the following people;

- Non-executive Directors
- Managing Director and Chief Executive Officer
- Company Secretary
- Key management personnel
- Participants in the ELK Employee Share and Option Plan
- Others as approved by the Board of Directors

Definitions

For the purpose of this policy:

- "ELK securities" includes ordinary shares of ELK and any other structured financial product, swap, futures contract, option, warrant, rights, or other derivative over the ordinary share of ELK, whether issued by ELK or by a third party and any other interest in an ordinary share of ELK.
- "Inside information" means information that is not generally available and which a reasonable person would expect, if it was generally available, to have a material effect on the price or value of a company's securities; inside information may come from the entity itself or someone other than the entity (See Appendix 1 for examples); and

- “Trade” includes subscribing for, buying, selling or otherwise transferring the beneficial or legal interest in an ELK security.

TRADING IN ELK SECURITIES

Directors, Officers, Employees and Others who are in possession of inside information must not:

- trade in those securities;
- advise, procure or encourage another person to trade in ELK securities; or
- communicate the inside information to another person who is likely to trade in the Company's securities or procure another person to do so.

Black Out Periods / Trading at Other Times (subject to insider trading law)

In addition to the requirements of insider trading laws, Directors, Officers, Employees and Others are prohibited from dealing in the Company's securities in the following black out periods:

- from 1 January until the date when the ASX December Quarterly reports are lodged
- from 1 April until the date when the ASX March Quarterly reports are lodged
- from 1 July until the date when the ASX June Quarterly reports are lodged
- from 1 October until the date when the ASX September Quarterly reports are lodged
- when the Board has resolved that there is a prohibition on trading in the Company's securities

Employees will be notified of these periods by the Company Secretary by email.

At any other time other than a black out period, Directors, Officers, Employees and Others may trade in ELK securities **but only** if they do not have inside information.

The provisions of any incentive or share scheme in which Directors, Officers, Employees and Others participates may also impose holding or trading restrictions on ELK securities.

NOTICE OF TRADING IN ELK SECURITIES

Notwithstanding the circumstances set out above, the Board may resolve that there are specific periods when Directors, Officers, Employees and Others can trade in ELK securities. However, Directors, Officers, Employees and Others must still ensure that they do not engage in insider trading during a period designated for trading by the Board.

Subject to the rules of a Company equity-based remuneration scheme, if a Director, Officer, Employee or Other intends dealing in Company securities:

- he or she must give prior notice (preferably in writing) of an intention to the Company Secretary; and

- the Company will use its best endeavours to advise in a timely way if the dealing is permitted; and
- if he or she subsequently deals in ELK securities, the person must confirm the dealing and relevant details (volume, price, date) of the dealing in writing to the person who was given the prior notice, within 2 business days after the dealing.
- Directors have also agreed to give details of transactions in ELK securities to the Company Secretary within three business days for the purpose of ELK providing information about a change of director's interest to the market.

Directors, Officers, Employees and Others do not need to give prior notification of an intended dealing in ELK securities for participation in a Company dividend re-investment plan or for other corporate actions available to all shareholders of the Company, such as participation in a rights issue or other pre-emptive offer or an undertaking to accept, or the acceptance of, a takeover offer.

The processes for notifying of an intended trade in ELK securities do not provide for the Company Secretary to approve the proposed trade. The person intending to trade in ELK securities is personally responsible for any decision to trade in compliance with the law.

DISCLOSURE OF MARGIN LOAN ARRANGEMENTS

If a Director, Officer, Employee or Other proposes to put in place margin loan arrangements in relation to ELK securities, the Director, Officer, Employee or Other must immediately advise the Company Secretary of the details of the proposed arrangements. If a demand for payment is made under the margin loan arrangements, the Director, Officer, Employee or Other must immediately notify the Company Secretary. The Director, Officer, Employee or Other may only trade their ELK securities in accordance with this policy, subject always to insider trading laws.

HEDGING OF ELK SECURITIES

A Director, Officer, Employee or Other who holds unvested or vested ELK securities under an incentive scheme must not enter into any transaction that is designed to limit their exposure to those securities.

TRADING EXCLUDED FROM THIS POLICY

Incentive Schemes and Shares/Options Plans

ELK securities held by Directors, Officers, Employees and Others upon vesting (of unvested securities) may only be traded in accordance with this policy and the terms of the applicable plan, subject always to insider trading laws.

Corporate and Other Actions

The following trading in ELK securities is excluded from the operation of this policy (but continues to be subject to the requirements of the insider trading laws);

- An undertaking to accept, or the acceptance of, a takeover offer;
- Trading under and offer or invitation made to all or most of the security holders in ELK, such as rights issues, a security purchase plan, a dividend or distribution reinvestment

plan or an equity buy-back plan, where the timing and structure of the offer has been approved by the ELK Board; and

- Transfers of ELK securities where there has been no change in the person's underlying beneficial interest of the shares.

EXCEPTIONAL CIRCUMSTANCES

It is recognised that a Director, Officer, Employee or Other may need to trade in ELK securities during a black out period in exception circumstances.

ELK securities may be traded by Directors, Officers, Employees and Others due to exceptional circumstances during a black out period if;

- The circumstances relate to severe financial hardship or other exceptional personal circumstances (see below) or the proposed transfer is required to give effect to a court order, court enforceable undertaking or other legal or regulatory requirement;
- The person does not have inside information; and
- Prior permission to the proposed trade during a black out period is given.

Directors, Officers, Employees and Others will be taken for the purposes of this policy to:

- Be in **severe financial hardship** if, in the opinion of the person authorised to permit the proposed trade, the Director, Officer, Employee or Other has a pressing financial commitment and the proposed sale or disposal of their ELK securities is the only reasonable course of action to overcome those circumstances; and
- Be subject to **other exceptional personal circumstances** if, in the opinion of the person authorised to permit the proposed trade, the circumstances are truly exceptional and the proposed sale or disposal of their ELK securities is the only reasonable course of action to overcome those circumstances

A Director, Officer, Employee or Other who proposes to trade in ELK securities in exceptional circumstances must seek (and obtain) the prior permission of the Chairman or Company Secretary.

Permission to trade during a black out period must be sought no less than five business days before the proposed trade. The notice must set out the number of ELK securities to be traded, the proposed date(s) for the trade(s), the exceptional circumstances involved and a statement confirming that the Director, Officer, Employee or Other does not have inside information. The notice must be given in writing (which includes email).

The Director, Officer, Employee or Other must not trade until permission has been received which is at the sole discretion of the Chairman or Company Secretary taking into account the person's circumstances and the purpose of the ASX Listing Rules. Where permission is given, the notification must set out a period in which the securities can be traded and be advised in writing (which includes email).

Where a person has traded in exceptional circumstances as described above, details must be given to the Company Secretary within three business days.

Permission to trade in ELK securities in exceptional circumstances is an exemption from the operation of this policy during a black out period and is not an approval for the trade. The person intending to trade in ELK securities is personally responsible for any decision to trade in compliance with the law.

POLICY BREACHES

Any breach of this policy must be immediately advised to the Company Secretary, who, in turn, will report the breach to the Board.

A breach of this policy may lead to disciplinary action, which may include termination of employment in serious cases.

Additionally, a breach of the law relating to insider trading can have serious consequences, including criminal and civil liability, for the Company and for an individual.

TRADING IN SECURITIES OF OTHER ENTITIES

Directors, Officers, Employees and Others should ensure that they do not breach the insider trading provisions of the *Corporations Act* in relation to any other entity.

APPENDIX 1

Below are some examples of the types of information that would be likely to be considered to have a material effect on ELK's share price:

- information regarding a material increase or decrease in ELK's financial performance from previous results;
- a proposed material business or asset acquisition or sale;
- material exploration results;
- the damage or destruction of a material operation of the company;
- proposed material legal proceedings to be initiated by or against ELK;
- a proposed dividend or change in the Company's dividend policy;
- regulatory action or investigations undertaken by a government authority;
- the launch of a material new business; or
- a proposal to undertake a new issue of shares or major change in financing.