



## SECURITIES TRADING POLICY

### 1. Introduction

This Policy sets out the policy of Po Valley Energy Limited (the **Company** or **Po Valley**) on the sale and purchase of the Company's securities by Directors and Employees.

Directors and Employees are encouraged to hold securities in Po Valley for the longer term to align their financial interests with those of shareholders. In becoming long term holders of securities in Po Valley, it is important that care is taken in the timing of any acquisition or disposal of those securities. Directors and Employees must not undertake conduct known as 'Insider Trading'.

A breach of this Policy by any Director or Employee may expose them to significant civil or criminal liabilities and will be regarded by Po Valley as serious misconduct which may result in dismissal from employment.

Defined terms have the meanings set out in Section 7 - Definitions.

### 2. Inside Information Prohibition Policy

The Corporations Act requires that any person who possesses Inside Information, must not use that information to deal in securities, either for personal gain or for the gain of any other person.

Inside Information is information that is not generally available to the market, and, if it were generally available to the market, a reasonable person would expect it to have a material effect on either the price or value of the relevant security. Inside Information is further defined in Section 7.

While Directors and Employees possess Inside Information, whether obtained from Po Valley or elsewhere they must not:

- (a) Deal or procure someone else (e.g. an agent, family member, company or trust) to Deal in the Company's securities;
- (b) pass on Inside Information to a third party where they know, or ought reasonably to know, that the third party would be likely to Deal or procure someone else to Deal in the the Company's securities; or
- (c) Deal or procure third parties to Deal in securities of another company where in the course of their service or employment with Po Valley they possess Inside Information about that company.

No Director or Employee should communicate any Inside Information to any other person except where that person needs to know the Inside Information in order to properly discharge their duties as a professional adviser to Po Valley, or as a Director or Employee of Po Valley.

### **3. Permitted Securities Dealings Policy**

#### **3.1 Consent to Deal**

- (a) Subject at all times to not being in possession of Inside Information, Directors and Employees may Deal in Securities:
  - (i) during a Prohibited Period only if Exceptional Circumstances exist, and after first obtaining written consent of the Designated Officer: or
  - (ii) at any other time after obtaining the written consent of the Designated Officer .
- (b) Directors and Employees must give notice in writing (including by email) of any proposed Dealing in Po Valley's securities to the Company Secretary who will then seek consent from the appropriate Designated Officer. The Designated Officer in the case of Dealings by the Chairman shall be the Chairman of the Audit & Risk Committee, in the case of Directors and Senior Executives shall be the Chairman, and in the case of other Employees shall be the Chief Executive Officer or the Company Secretary.
- (c) Consent will not be given under this Clause 3.1 if there is any possibility that this Policy could be breached. No reason will be given for the grant or refusal of consent to Deal in Securities. If consent is given, the buying or selling of the securities must be completed within ten (10) business days.
- (d) Where the Designated Officer is in any doubt as what constitutes Exceptional Circumstances, consideration should be given to the purpose of the ASX Listing Rules and guidance notes and the discretion should be exercised with caution.

#### **3.2 Dealings where consent is not required**

Any securities trading which are set out in Annexure "A" of this Policy are permitted at any time unless undertaking the trading breaches the statutory Insider Trading provisions contained in the Corporations Act. No consent needs to be sought and notification is not required of these types of Dealings (subject to the requirements for notification of Dealings by Directors as discussed in Section 4).

#### **3.3 Derivatives**

Directors and Employees must not Deal in Derivatives over the Company's securities at any time.

#### **3.4 Prohibited Periods**

The Chairman may, at any time, through written notification to Directors and Employees impose an additional period for which Directors and Employees (or a specific group) are prohibited from Dealing in the Company's securities while Po Valley is considering matters subject to Listing Rule 3.1A. This additional period may be temporary or permanent.

Nothing in this clause 3.4 prohibits Directors or Employees from applying for written consent to sell or dispose of the Company's securities due to Exceptional Circumstances as provided in clause 3.1.

#### **4. Director Disclosure of Dealings in Securities**

- (a) A Director must inform the Company Secretary as soon as possible and, in any event, within two (2) business days of any Dealing in the Company's securities and provide the Company Secretary with details of all Relevant Interests in the Company's securities and such other information as is necessary to enable the relevant ASX disclosure to be made.
- (b) An ASX disclosure notice must be lodged within five (5) business days (or such other time as specified from time to time in the ASX listing rules) after a Director of Po Valley to which the ASX disclosure is applicable, Deals in the Company's securities.

#### **5. Participation in Employee Security Plans**

The insider trading prohibition does not apply to applications for, and acquisitions under those applications of, the Company's securities by directors or employees of the Company or any of its related bodies corporate made under employee share and option plans.

This means that Directors and Employees, where invited to do so, may acquire the Company's securities (including the exercise of options to subscribe for shares in the Company) under any of the Company's employee share and option plans.

However, the Prohibited Period will apply to any subsequent Dealing by those Directors or Employees in the Company's securities acquired under those employee share or option plans.

#### **6. Monitoring compliance with this Policy**

A copy of this Policy will be placed on the Po Valley Website. At any time, Po Valley may require Directors and/or Employees in writing to:

- certify that they have read and agree to the terms of this Policy; and/or
- certify they have complied and are continuing to comply with the terms of this Policy.

From time to time, Po Valley may also undertake checks to verify compliance with this Policy.

**Adopted by the Board on 20 December 2010**

## 7. Definitions

**ASX** means the Australian Securities Exchange Limited.

**Chairman** means the Chairman of Po Valley Energy Limited's board of Directors.

**Closed Period** means the period from 31 December until the beginning of the next trading day after announcement of Po Valley's full year results and the period from 30 June until the beginning of the next trading day after the announcement of Po Valley's half year results.

**Designated Officer** means the persons identified in clause 3.1(b).

**Deal or Dealing** means either directly or indirectly acquiring or disposing of securities.

**Derivatives** means any financial product issued or created over or in respect of the Company's securities (including options, hedges or like instrument which limits exposure to the market price of the Company's securities whether now or in the future).

**Directors** means the directors of Po Valley Energy Limited.

**Employee** means an employee of Po Valley and its subsidiaries (including Senior Executives) and external contractors and advisers who agree to comply with Po Valley's policies and procedures.

**Exceptional Circumstances** means where:

- (a) the Director or Employee is suffering severe financial hardship where he or she has a pressing financial commitment that cannot be reasonably satisfied other than by selling the securities; or
- (b) there are other exceptional circumstances for which the sale of the securities is the only reasonable course of action available, for example to comply with a court order or a bona fide family dispute.

**Inside Information** is information which is not generally available to the market and that, if it was known to the market, would have a material effect on the price or value of a Po Valley security or any other company's security, whether obtained from inside Po Valley or elsewhere. Examples of Inside Information include but are not limited to:

- (a) exogenous events in the financial markets or the oil and gas industry, either of which affect Po Valley's business;
- (b) a change in international oil and gas prices;
- (c) results of exploration, and/or production testing;
- (d) the financial results of Po Valley and its subsidiaries;
- (e) projections of future earnings or losses;
- (f) material (more than 5%) changes in Po Valley's financial forecasts or expectations;
- (g) a declaration of a dividend or a decision that a dividend not be declared;
- (h) the making of a share, option or debt issue and the under or over subscription of that issue;
- (i) proposed acquisitions, mergers, sales, joint ventures or takeovers;
- (j) information about Po Valley's business plans, investment proposals or asset purchases or sales;

- (k) regulatory decisions or industrial actions that may affect Po Valley's operations;
- (l) the occurrence of an environmentally related incident; -the threat, commencement or settlement of any material litigation or claim;
- (m) an agreement between Po Valley (or a related party or subsidiary) and a Director (or related party of the Director);
- (n) a change in any accounting policy adopted by Po Valley;
- (o) a proposal to change Po Valley's auditors;
- (p) changes in senior management; and
- (q) the health or capacity of any Director.

**Insider Trading** occurs where a person Deals in Po Valley securities or securities of another company where that person possessed Inside Information and they knew, or ought reasonably to have known, that that information was not generally available and, if the information were generally available, a reasonable person would expect it would or would be likely to influence persons deciding whether or not to Deal in those securities.

**Prohibited Period** means any Closed Period and any additional period when Po Valley's Directors and Employees are prohibited from trading under clause 3.4 of this Policy.

**Relevant Interests** of an individual in securities means interests of that individual as a result of:

- a) being the holder of the securities;
- b) having the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- c) having the power to dispose of, or control the exercise of a power to dispose of the securities.

**security** means a security as defined by the Corporations Act.

**Senior Executives** means executive Employees who from time to time directly report to the Chief Executive Officer.

## Annexure A – Permitted Trades

The following types of trades are permitted at any time under the Policy (see clause 3.2) unless it would breach the statutory Insider Trading provisions contained in the Corporations Act:

- (a) transfers of the Company's securities already held into a superannuation fund or other saving scheme in which the Director or Employee is a beneficiary;
- (b) investments in, or trading in units of, a fund or other scheme (other than a scheme only investing in the Company's securities) where the assets of the fund or other scheme are invested at the discretion of an independent third party;
- (c) where a Director or Employee is a trustee, trading in the Company's securities by that trust provided the Director or Employee is not a beneficiary of the trust and any decision to trade during a Prohibited Period is taken by the other trustees of the trust or by the investment managers independently of the Director or Employee;
- (d) undertakings to accept, or the acceptance of, a takeover offer;
- (e) trading under an offer or invitation made to all or most of the securityholders, such as, a rights issue, a security purchase plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Po Valley 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 the balance of entitlements under a renounceable pro rata issue;
- (f) disposals of the Company's securities that are the result of a secured lender exercising their rights; for example, under a margin lending arrangement;
- (g) dealings under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy and where:
  - (i) the Director or Employee did not enter into the plan or amend the plan during a Prohibited Period;
  - (ii) the trading plan does not permit the Director or Employee to exercise any influence or discretion over how, when, or whether to undertake dealings; and
  - (iii) this Policy does not allow for the cancellation of a trading plan during a Prohibited Period other than in exceptional circumstances.