



METGASCO LIMITED

SECURITIES TRADING POLICY

1. Introduction and Purpose

The ordinary shares of Metgasco Limited are listed on the Australian Securities Exchange (“ASX”). Metgasco is committed to ensuring that the company and its employees do not breach prohibitions on insider trading or create any perception of employees dealing in shares when they should not do so. This policy has been written to:

- Provide a brief high level summary of the law on insider trading;
- Set out the restrictions on dealing in securities by people who work for or are associated with Metgasco; and
- Assist in maintaining market confidence in the integrity of dealings in Metgasco securities.

This policy should be read in conjunction with Metgasco’s Continuous Disclosure Policy which details Metgasco’s obligations to disclose material information to the ASX.

2. Who is covered by this policy

This policy applies to Metgasco:

- Executive and non-executive directors;
- Full-time, part-time and casual employees; and
- Contractors, consultants and advisers.

This policy applies to all Metgasco securities owned or controlled by a person covered by the policy, whether those securities are held in the name of that person, in a company, through a trust, by a family member or in some other entity or arrangement. Persons covered by this policy must inform their brokers or financial advisers who have discretion to trade on their behalf that they are restricted from trading securities under this policy.

3. Background – Insider Trading

Metgasco is required under the ASX Listing Rules to immediately provide all information which may have a material effect on the price or value of the company’s shares (material information). In some circumstances, employees may come into possession of material information before the company has made that information available to the market or the company may need to rely upon exclusion to the requirement to provide that information to the market. In these circumstances it is important that all employees comply with this policy to ensure that they keep that material information confidential and do not trade in securities before that information is released to the ASX and becomes generally available.

To deal in Metgasco securities at this time would breach the insider trading provisions of the *Corporations Act* which provide as follows:

A person is prohibited from dealing in, or procuring others to deal in, securities of a relevant entity where:

- The person possesses information that a reasonable person would expect to have a material effect on the price of the securities if the information were generally available; and
- The person knows, or ought to reasonably know that:
 - The information is not generally available; and
 - If it were generally available, it might have a material effect on the price of the securities.

It is the responsibility of each individual to comply with this policy.

4. Trading restrictions in Metgasco Shares

General freedom to trade

Unless in possession of price sensitive information at the time of trading, Directors and employees may generally trade in Metgasco securities, subject to obtaining the appropriate clearances before they do so, except under the circumstances described below.

No trading while in possession of unreleased price sensitive information

Directors and employees (and other persons connected with them who are likely to be influenced by the directors/employees in their decision making) shall not trade in the Company's shares or other securities nor place themselves under suspicion of trading in the Company's securities while in possession of unreleased price sensitive information.

At other times employees may trade in the Company's securities. In doing so, Directors and employees of the Company must notify the Company Secretary to ensure that they are not in possession of material information that is not generally available before they trade.

Where doubt exists as to the possession of material information not available to the market, advice should be sought from the Company Secretary.

No trading during Blackout Period

Blackout periods for trading in Metgasco securities by directors and employees apply at the following times:

- Between two weeks prior to and within 24 hours after the date of announcement to the ASX of the Company's annual or half year result;
- Between two weeks prior to and within 24 hours after the date of the announcement of the Company's quarterly activities reports;
- Notwithstanding the above, any time while in possession of inside information.

Blackout periods may be advised from time to time by the Company Secretary.

Permission to trade during blackout period

Permission to trade during a blackout period may be obtained where director or employee options vest creating a tax event for the holder. In such circumstances permission to trade during a blackout period may be obtained from the Chairman.

No short term trading

Directors and employees should not engage in short term trading in the company's securities at any time. Trades undertaken by margin lenders to close out margin calls are covered by this policy. Directors and employees should therefore not enter into margin loans which could cause a forced trade by a margin lender during a blackout period or while in possession of inside information.

5. Key Accountabilities

When Directors or senior management trade in Company securities there is the potential for embarrassment or adverse publicity if the Company's financial position and operating results differ from the financial community's expectations.

Accordingly, directors and senior management:

- a) Must not trade in Metgasco securities without first obtaining clearance before commencing the transaction from:
 - In the case of a senior manager, or their associates, the Managing Director or the Chief Financial Officer/Company Secretary; or
 - In the case of a director, or their associates, the Chairman.
 - In the case of the Chairman, the Board.
- b) Must not be given clearance to trade in the Company's shares or other securities during:
 - Any period when there exists any matter which constitutes unpublished price sensitive information in relation to the Company's securities; or
 - Any period when the proposed dealing is in breach of this standard.

Directors to notify of trades

Following a trade of securities by directors, confirmation of price and quantity should be provided to the Company Secretary to ensure that the notification obligations of directors of Metgasco under *ASX Listing Rule 3.19A* or *Corporations Act Sn 205G* are satisfied.

6. Definitions

The following definitions apply to this Share Trading Policy:

Insider Trading

The *Corporations Act 2001* summarises prohibited conduct by persons in possession of insider information where:

- a) A person ("insider") possesses information that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of those securities; and
- b) The person knows, or ought reasonably to know, that:
 - The information is not generally available; and



- If it were generally available, it might have a material effect on the price or value of those securities

The following rules apply when a person is in possession of inside information. The insider must not:

- a) Subscribe for, purchase or sell or enter into an agreement to subscribe for, purchase or sell any such securities; or
- b) Procure another person to subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any such securities.

The insider must not directly or indirectly, communicate the information, or cause the information to be communicated to another person the insider knows or ought reasonably to know that the other person would or would be likely to:

- a) Subscribe for, purchase or sell or enter into an agreement to subscribe for, purchase or sell any such securities; or
- b) Procure another person to subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any such securities.

Related Party

Related Party is defined in Section 243 of the Corporations Act 2001 and essentially covers parties who are associated with directors or senior executives who are likely to be influenced by the directors/employees in their investment decision-making.

Relevant Employee

Relevant Employee means any Director or employee of a Metgasco controlled entity who, because of his or her office or employment in the listed company or controlled entity is likely to be in possession of unpublished price-sensitive information in relation to the listed company. It specifically includes directors and employees in management positions and above.

Securities

Securities means any Metgasco listed securities and, where relevant, Metgasco securities that have been listed or admitted for trading on, or have their prices quoted on or under the rules of, any regulated market. Securities include equity shares, options and any other instrument issued or granted by Metgasco (or a Metgasco controlled or managed company.)

Trading

Trading includes any sale or purchase of, or agreement to sell, or purchase any shares or other securities of the Company and the grant, acceptance, acquisition, disposal, exercise or discharge of any option or other right or obligation, present or future, conditional or unconditional, to acquire or dispose of securities or any interests in securities of the Company.

Unpublished Price Sensitive Information

Unpublished Price Sensitive Information means information required to be disclosed to the ASX under Listing Rule 3.1 and is defined as any unpublished information concerning Metgasco that a reasonable person would expect to have a material effect on the price or value of Metgasco's securities if it were made public.