

1 INTRODUCTION

The purpose of this policy is to:

- (a) explain the type of conduct in relation to dealings in securities and derivatives (including shares, options and share rights issued by Tap) that is prohibited under the Corporations Act, which is applicable to all directors and employees (**relevant persons**) of the Tap group of companies (**Tap**); and
- (b) establish a best practice procedure relating to dealing in securities and derivatives (including shares, options and share rights issued by Tap) that provides protection to both Tap and relevant persons against the misuse of unpublished information which could materially affect the value of securities.

Tap aims to achieve the highest possible standards of corporate conduct and governance. Accordingly, the Board of directors considers that compliance with this policy is essential to ensure that the highest standards of conduct are being met by all directors, executives and employees of Tap. Tap also wishes to ensure that any incorrect perception by directors, executives and employees is avoided as to when they may or should not deal in Tap securities.

Any non-compliance with this policy will be regarded as serious misconduct which may entitle Tap to terminate the employment of any employee found to be in breach of this policy.

2 POLICIES FOR DEALING IN SECURITIES

2.1 Persons to whom this policy applies

This policy applies to:

- (a) all directors of Tap or any related body corporate (as defined in the Corporations Act);
- (b) all employees of Tap or any related body corporate (as defined in the Corporations Act),

and their associates (as that term is defined in the Corporations Act) (collectively **Relevant Persons**). In this context, associate includes related companies and trusts and other persons where there is a relevant agreement or understanding (even if only informal) so that there is either an element of control or an agreement to act together.

2.2 The Policy

(a) Window Period

Relevant Persons may deal in Tap securities on the ASX in the period of 30 days after the day following:

- (1) the announcement of half-yearly and quarterly results;
- (2) the announcement of annual results; or
- (3) the holding of the Annual General Meeting.

EXCEPT where a Relevant Person is in possession of price sensitive information or where Tap is in possession of price sensitive information and Tap has, during the “window” set out above, notified the Relevant Person that they may not deal in securities during all or part of any such period.

Relevant Persons may also deal in Tap securities during the period that the Company has a current prospectus or other form of disclosure document on issue pursuant to which persons may subscribe for securities.

If a Relevant Person is not sure whether they may deal in Tap securities during this time please consult with the appropriate person listed in paragraph (b) below or seek confirmation that Tap is not in possession of any price sensitive information.

(b) **During other periods**

Outside of the “window” period, all Relevant Persons must receive clearance for any proposed dealing in Tap securities on the ASX as follows:

- (1) a **director** of Tap (including the Managing Director/Chief Executive Officer (**CEO**)) must inform and receive approval from the Chairman prior to undertaking a transaction outside the trading window;
- (2) the **Chairman** must obtain approval from the Board or the next most senior director, prior to undertaking a transaction outside the trading window;
- (3) **executives and senior management** must inform and receive approval from the Managing Director/CEO or the Company Secretary prior to undertaking a transaction outside the trading window; and
- (4) all other **employees** must inform and receive approval from the Managing Director/CEO or the Company Secretary prior to undertaking a transaction outside the trading window.

It is intended that a request will be answered within 48 hours.

(c) **Dealing by directors (and their associates)**

Directors are required pursuant to ASX Listing rule 3.19A to disclose to the ASX by way of announcement any change in their holding of securities in the Company. Such notices are required to be lodged within five business days of the change in securities taking place. Directors should advise the Company Secretary of trading at the completion of any such trade.

(d) **Short term dealing – dealing within 30 day period**

Relevant Persons may not deal in Tap securities on a short term trading basis, except in circumstances of special hardship and with the approval of the Managing Director/CEO, or, if the Relevant Person is the Managing Director/CEO, with the approval of the Chairman. That is, Relevant Persons may not deal within a 30 day period. In addition, Relevant Persons may not enter into any other short term dealings (for example, forward contracts) except with the approval of the Managing Director/CEO, or, if the Relevant Person is the Managing Director/CEO, with the approval of the Chairman.

(e) **Employee, Executive and Director Share Plans**

While any person remains employed by Tap, any dealings in securities (following cessation of restrictions over any such securities) acquired pursuant to the:

- (1) Tap Oil Limited Employee and Director Share Plan;
- (2) Tap Limited Executive Director Option Plan;
- (3) Tap Oil Limited Employee Incentive Option Scheme;
- (4) Tap Oil Limited Management Incentive Option Plan; and
- (5) Tap Oil Limited Share Rights Plan,

must only occur in accordance with this policy. For the avoidance of doubt, this includes the vesting of share rights to an employee pursuant to the Tap Oil Limited Share Rights Plan.

3 DEALING IN SECURITIES

3.1 Summary of Prohibited conduct

The Corporations Act prohibits “insider trading”.

Under the Corporations Act, a person is prohibited from dealing in **securities** where:

- (a) the person possesses information which is not generally available to the public; and

- (b) that information may have a material effect on the price of securities of the relevant entity; and
- (c) the person knows or ought reasonably to know that the information is not generally available and if it were it might have a material effect on the price of securities.

In addition, a person with inside information must not **procure** another person to deal in Tap securities nor communicate the information (directly or indirectly) to another person who the person believes may deal (or procure someone else to deal) in Tap securities.

The penalties involved for persons contravening these prohibitions are severe and can include compensation orders, significant penalties and up to 5 years imprisonment.

The key concepts together with the penalties involved in a contravention are detailed in Schedule 1 to this policy.

3.2 Relationship to the continuous disclosure regime

The Corporations Act and the ASX Listing Rules require Tap to immediately release to the ASX any information concerning Tap which may reasonably be expected to have a material effect on the price or value of Tap securities, subject to limited exceptions.

As a result of the operation of the continuous disclosure regime, usually all material price sensitive information will be generally available. However, there are limited circumstances in which disclosure is not required. In these situations there may be people with “inside information” who would breach the insider trading prohibition if they dealt in securities at that time.

Specifically, the ASX Listing Rules do not require disclosure where:

- (a) a reasonable person would not expect the information to be disclosed; and
- (b) the information is confidential and the ASX has not formed the view that the information has ceased to be confidential; and
- (c) one or more of the following applies:
 - (1) it would be a breach of law to disclose the information;
 - (2) the information concerns an incomplete proposal or negotiation;
 - (3) the information comprises matters of supposition or is insufficiently definite to warrant disclosure (eg. the effect of an event on Tap has not yet been quantified);
 - (4) the information is generated for internal management purposes of the entity (eg. internal management accounts or an internal management report); or
 - (5) the information is a trade secret.

Although information does not need to be disclosed under the Listing Rules, Employees may possess “inside information”. If a person deals in Tap securities at a time when that person is aware of information which, but for a carve-out to the Listing Rules, would need to be disclosed to the market, that person will be in breach of the insider trading provisions.

4 DERIVATIVES AND HEDGING OF TAP SECURITIES

Hedging includes entering into transactions in financial products, such as derivatives, that operate to limit the economic risk associated with holding Tap securities.

4.1 Prohibited conduct

Hedging of Tap securities by a Relevant Person is subject to the following overriding prohibitions:

- (a) the hedge transaction may not be entered into, renewed, altered or closed out when the Relevant Person is in possession of inside information;
- (b) Tap securities may never be hedged prior to the vesting of those Tap securities; and

- (c) Tap securities may never be hedged while they are subject to a holding lock or restriction on dealing under the terms of an employee incentive scheme operated by Tap.

4.2 Permitted conduct

Relevant Persons are permitted to hedge their Tap securities on the following conditions:

- (a) the hedge transaction is treated as an ordinary dealing in Tap securities for the purposes of this policy, and the relevant approvals and notifications are made on this basis; and
- (b) clearance has been obtained in accordance with paragraph 2.2(b) (if applicable).

4.3 Notification

Where a Relevant Person enters into a hedging arrangement in respect of Tap securities, the Company may, where appropriate, disclose the fact and nature of the hedge (eg in the annual report or to the ASX).

4.4 Breach of hedging policy

If a Relevant Person is found to have breached this paragraph 4, then, where the breach results in damage to Tap, Tap will take disciplinary action such as counselling, the issue of written warnings or termination of employment.

5 COLLATERALISATION AND MARGIN LOANS

Any Relevant Person who has used his/her Tap securities as collateral or has entered into a margin loan in relation to their Tap securities, or intends to do so, must provide a copy of this policy to the lender.

In addition, any director, executive or senior manager of Tap is not permitted to use his/her Tap securities as collateral or to enter into a margin loan or similar arrangement in relation to them, without:

- (a) obtaining confirmation from the lender or holder of the collateral that the Tap securities will not be sold or disposed of by it in contravention of their obligations under this Policy; and
- (b) seeking and obtaining, in writing, formal approval as follows:
 - (1) a **director** of Tap (including the Managing Director/CEO) must inform and receive approval from the Chairman;
 - (2) the **Chairman** must obtain approval from the Chairman of the Audit Committee and Managing Director/CEO or the Company Secretary; and
 - (3) the Company Secretary must inform and receive approval from the Managing Director/CEO prior to entering into that collateralisation, margin loan or arrangement.

6 REGISTER OF DEALINGS

The Company Secretary will maintain a copy of:

- (a) all requests for approval to deal in Tap securities submitted by any Relevant Person;
- (b) all decisions relating to requests; and
- (c) details of all dealings in Tap securities made by any Relevant Person.

7 SECURITIES IN OTHER COMPANIES

Whilst in general Relevant Persons are free to deal in securities in other listed companies, the prohibited conduct under the Corporations Act includes dealings in securities of Tap as well as of other listed companies with which Tap may be dealing (such as Tap customers or joint venture partners or any party with whom Tap is holding confidential business discussions) where an Employee possesses "inside information" in relation to that other company.

That is, if a Relevant Person is aware of information that is not generally available but which, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of

a security, that Relevant Person should not deal in the securities of the companies that it affects. For example, where a Relevant Person is aware that Tap is about to sign a major agreement with another company, that Relevant Person should not deal in securities in either Tap or the other company.

8 EXCEPTIONS TO THIS POLICY

The following dealings are excluded from the operation of this Policy:

- (a) transfers of Tap securities already held by a Relevant Person into a superannuation fund or other saving scheme in which that Relevant Person is a beneficiary;
- (b) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in Tap securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (c) where a Relevant Person is a trustee, trading in Tap securities by that trust, provided the Relevant Person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the Relevant Person;
- (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 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 and the sale of the entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- (f) subject to the Relevant person having complied with section 5 of this Policy, a disposal of Tap securities by a secured lender without the permission or authority of the Relevant Person at the time that is the result of that lender exercising its rights under a lending arrangement;
- (g) the exercise (but not the sale of Tap securities following exercise) of an option or vesting of 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 the entity has been in an exceptionally long prohibited period or the entity has had a number of consecutive prohibited periods and the Relevant Person could not reasonably have been expected to exercise it at a time when free to do so; and
- (h) trading under a non discretionary trading plan (but which does not include sales under stop/loss orders) for which prior written clearance has been provided in accordance with procedures set out in this Policy and where:
 - (1) the Relevant Person did not enter into the plan or amend the plan during a prohibited period;
 - (2) the trading plan does not permit the Relevant Person to exercise any influence or discretion over how, when, or whether to trade; and
 - (3) this Policy does not allow for the cancellation of a trading plan during a prohibited period other than in exceptional circumstances.

9 WHO TO CONTACT

If you are in any doubt regarding your proposed dealing in securities, you should contact the Company Secretary.

Schedule 1 – Key concepts and Penalties

This schedule provides further details on the key concepts underlying the insider trading laws and the penalties involved for contravention.

1 Relevant Terms

1.1 Securities

The definition of securities in the Corporations Act is very broad.

Securities include:

- ordinary shares;
- preference shares;
- options;
- debentures; and
- convertible notes.

It also extends to things relating to securities issued by Tap (for example, warrants and other derivative products).

1.2 Dealing in Securities

Dealing in securities is a broad concept and covers more than simply buying or selling shares. It extends to exercising options over shares, entering agreements to buy or sell securities and creating a security interest in the securities.

That is, under this policy, the prohibition on dealing means that you are not permitted to:

- buy or sell;
- enter into an agreement to subscribe for, buy or sell, securities;
- create a security interest in the securities,

where you possess information that is not generally available and which a reasonable person would expect to have a material effect on the price or value of those securities.

If you possess price sensitive information that is not generally available, you are also prohibited from:

- procuring any other person to deal in those securities; or
- directly or indirectly communicating the information to another person who you believe is likely to deal in, or procure another to deal in, those securities.

Procuring means enticing, encouraging, persuading, causing or securing another person to do something. For the purposes of these provisions procuring includes inciting, inducing or encouraging an act or omission.

For example you cannot ask or encourage family members to deal in securities when you possess price sensitive information and you should not communicate price sensitive information.

If you accidentally give somebody 'inside information' when you should not have, you must immediately tell that person that it is 'inside information' and warn them against dealing in Tap securities, getting others to deal in Tap securities, or communicating the information to others.

Directors and senior management (ie the Managing Director/CEO, his direct reports, and the Company Secretary) will customarily be privy to price sensitive information that is not generally available. Accordingly, directors and senior management should ensure that they do not deal in Tap securities when they or Tap possess 'inside information' (even during a 'window' set out in paragraph 2.2(a)).

In general, other Relevant Persons will be free to deal in Tap securities during the window period, unless otherwise notified by the company.

1.3 Information that is generally available

Information is “inside” if it is not generally available but which, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of a security.

Information is considered to be “generally available” if:

- (1) it consists of readily observable matter; or
- (2) it has been made known in a manner likely to bring it to the attention of investors in securities of corporations of that kind and a reasonable period for dissemination of that information has elapsed; or
- (3) it may be deduced, inferred or concluded from the above.

That is, information will be “generally available” if it has been released to the ASX, published in an Annual Report or prospectus or otherwise been made generally available to the investing public and a reasonable period of time has elapsed after the information has been disseminated in one of these ways.

1.4 Material effect of the price of securities

Information is considered by the Corporations Act to be likely to have a material effect on the price or value of securities of a company if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell those securities.

It is not possible to list all of the information that may be material, however, the following type of information would be likely to be considered to have a material effect on Tap’s share price:

- information regarding a material increase or decrease in Tap’s financial performance from previous results or forecasts;
- 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 Tap;
- 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.

1.5 Information

For the purposes of the insider trading provisions of the Corporations Act, information is defined broadly and includes matters of supposition and other matters which are insufficiently definite to warrant being made known to the public. It also includes matters relating to the intentions of a person.

1.6 Penalties

A person who commits a breach of the insider trading provisions could be subject to criminal liability (a maximum fine of \$220,000 or imprisonment for up to 5 years, or both) or civil liability (a pecuniary penalty of up to \$200,000 can be imposed). In addition, a person who contravenes or is involved in a contravention of these provisions may be liable to compensate any person who suffers loss or damage because of the conduct.

In the case of a body corporate, the commission of an offence under the insider trading provisions is punishable by a fine of up to \$1,100,000.

2 Defences

The Corporations Act sets out several defences to conduct which would otherwise breach the insider trading prohibition.

These defences are complex and, in general, will not apply to Relevant Persons. On this basis, Relevant Persons should not deal in Tap securities until they have satisfied the relevant requirements outlined in paragraph 2 above.

Breaches of the insider trading laws have serious consequences for both the Relevant Person concerned and Tap. It may also give rise to adverse public scrutiny and media comment. It is therefore important that Relevant Persons adhere to this policy at all times.

Approved by the Board of Tap Oil Limited.

Neale Taylor
Chairman
for and on behalf of the Board
of Directors

Date