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Company Announcements  
ASX Limited

Via ASX Online

### **SHARE TRADING POLICY**

Please find attached the Company's trading policy in accordance with ASX Listing Rules 12.9 and 12.12 (effective 1 January 2011).

Yours faithfully  
Carnarvon Petroleum Limited

A handwritten signature in black ink, appearing to read "RA Anderson", is written over a horizontal line.

RA Anderson  
Company Secretary

## CARNARVON PETROLEUM LIMITED

### POLICY FOR TRADING IN COMPANY SECURITIES

The Board has adopted a policy and procedure on dealing in Carnarvon Petroleum Limited's ("the Company" or "Carnarvon") securities which prohibits dealing in the securities under certain circumstances.

1. Individuals who wish to trade in company securities must first have regard to the statutory provisions of the Corporations Act dealing with insider trading.

Insider trading is the practice of dealing in a company's securities (ie. shares or options) by a person with some connection with a company (for example a director, employee, contractor or consultant) who is in possession of information generally not available to the public, but which may be relevant to the value of the company's securities. It may also include the passing on of this information to another. Legally, it is an offence which carries severe penalties, including imprisonment.

Inside information may include, but is not limited to, information related to: -

- a. Drilling exploration data and results, essentially from the spudding of an exploration well;
  - b. Reserve reports, including preliminary findings prior to finalising a report;
  - c. Economic studies;
  - d. Production levels and forward estimates;
  - e. Financial results;
  - f. Acquisitions and disposals;
  - g. Changes in board and staff composition; and
  - h. Claims or liabilities, including potential claims or liabilities.
2. This policy applies to the following individuals and their associates, subsequently referred to as Personnel: -
    - a. Executive and non-executive directors;
    - b. Full time and part time employees; and
    - c. Contractors and consultants.
  3. The Company identifies the circumstances set out below, in addition to the circumstances set out in the Corporations Act, where Personnel may not trade in the Company's securities. In any event, Personnel should not deal in any securities at any time when in possession of unpublished price-sensitive information in relation to those securities.
  4. Personnel should not engage in short term trading in the Company's securities, which is defined as less than a 30 day period between purchase and sale.
  5. Personnel are prohibited from:
    - a. Trading in financial products issued or created over the Company's securities by third parties, or trading in associated products; and
    - b. Entering into transactions in associated products which operate to limit the economic risk of their security holdings in the Company.
  6. Directors may only enter into a margin loan or other similar financing arrangement, where there is a risk that the Company's securities will be traded pursuant to the

terms of the financing arrangement, after obtaining prior written consent of the Chairman.

7. Directors must advise the Chairman in writing prior to any proposed transaction in the Company's securities, and in the case of the Chairman he must advise the Chief Executive Officer. The Company Secretary must also be informed of the proposed transaction and will notify the other directors of the director's intention.
8. Directors must notify the Company Secretary in writing, within two business days of trading in the Company's securities. The Company Secretary will then immediately circulate such details to the other directors and lodge an Appendix 3Y with ASX.
9. Personnel will be permitted to trade in the Company's securities provided that:
  - a. They are not in the possession of inside information; and
  - b. The trading is not for short term speculative gain (as set out in clause 4); and
  - c. The trading is not likely to be seen by the public, press, other shareholders or ASX to be unfair or inappropriate; and
  - d. The trading does not take place during a "closed period". A "closed period" is the period from the end of the financial year or half year to the time of release of the annual or half year financial results; and
  - e. The trading does not take place during a "prohibited period". A "prohibited period" comprises a "closed period", any period imposed by the entity from time to time when the Company is considering matters which are subject to Listing Rule 3.1A, and any other period as advised to ASX from time to time; or
  - f. The trading is excluded trading as set out in clause 12
10. As a matter of practice, however, the following periods are considered to be the most appropriate times for directors, officers and employees to trade in the Company's securities:
  - a. in the four weeks following one business day after the release of the annual results;
  - b. in the four weeks following one business day after the release of the half year results;
  - c. in the four weeks following the annual general meeting; and
  - d. Even at these times it is important to be aware that there may be occasions when it is not proper for Personnel to trade in the Company's securities.
11. Personnel may be permitted to trade during a "prohibited period", in exceptional circumstances, with prior written clearance by the Company's Designated Officer. The Company's Designated Officer is the Chairman of the board. Exceptional circumstances include severe financial hardship, a bona fide family settlement or an overriding legal or regulatory obligation that requires a financial payment that cannot be achieved in any other manner than trading in the Company's securities, and any other instance as advised to ASX from time to time. The granting of the written clearance will be at the discretion of the Designated Officer after the provision of suitable evidence by the applicant and consultation with the Company's directors. Electronic clearance via email constitutes clearance under this policy. The application of this clause is subject to the insider trading provisions as set out in clause 1.

12. Certain trading in the Company's securities is excluded from this share trading policy:
- a. Trading that results in no change in the beneficial ownership of the securities
  - b. Undertakings to accept, or the acceptance of, a takeover offer
  - c. Trading under an offer or invitation made to all or most of the security holders, such as a rights issue or a share purchase plan
  - d. The exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme
  - e. Other instances as advised to ASX from time to time