

GIPPSLAND LIMITED
ACN 004 766 376

Security Trading Policy – effective 1 January 2011

1. Introduction

The employees, officers¹ and directors of Gippsland Limited ("GIP") may have in their possession sensitive commercial information which could materially affect the value of GIP securities. The Corporations Act 2001(CA) prohibits insider trading in relation to financial products including shares, options and other securities. The provisions are wide ranging and breaches are serious offences.

This document:

- (a) provides an outline of the insider trading prohibition and other relevant provisions of the Corporations Act; and
- (b) sets out the rules relating to dealings by the employees, officers and directors in securities issued by GIP.

This policy is designed to assist in preventing breaches of the insider trading provisions of the Corporations Act. Ultimately, it is the responsibility of each employee, officer and director to ensure that none of his or her dealings could constitute insider trading.

2. Insider Trading Prohibition

2.1 The Nature of the Prohibition

In summary, it is an offence under the Corporations Act for a person in possession of information that is not generally available but which, if generally available, might materially impact the price or value of a financial product ("inside information") to:

- trade in (i.e. apply for, acquire or dispose of, or enter into an agreement to do any of these things); or
- procure another person to trade in, financial products (collectively referred to as "deal in financial products").

It is also an offence to pass the information to another person with the knowledge that the person could deal in financial products (a person will have knowledge if they actually know or ought reasonably to know). Accordingly the effect of this section cannot be avoided by simply getting another person to deal on your behalf.

Legally, insider trading is an offence which carries severe penalties, including imprisonment.

2.2 How You Become Aware of the Information is Irrelevant

It is irrelevant how or in what capacity the person comes into possession of the information. This means that the insider trading prohibitions will apply to any employee, officer or director who acquires inside information in relation to GIP securities, no matter in which capacity, and that person is prohibited from dealing in GIP securities.

¹ In this policy a reference to 'officer' includes a reference to "key management personnel" as defined in AASB Standard 124 Related Party Disclosure, being those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of the company.

2.3 Information Which Might Affect Price Value

The prohibition referred to in this policy refers to unpublished information which, if generally available, might materially impact the price or value of GIP securities.

2.4 What Does Information Include?

“Information” includes matters of supposition and other matters which are insufficiently definite to warrant being made known to the public, and matters relating to the intentions or likely intentions of a person.

2.5 What Information Might Materially Affect Price or Value?

This means information that a reasonable person would expect to have a material effect on the price or value of GIP securities. A reasonable person would be taken to expect information to have a material effect on the price or value of GIP securities if the information would be likely to influence persons who commonly invest in securities whether or not to do so.

Examples of the type of information which might affect the price or value of GIP securities, depending on the circumstances, include:

- drilling results
- proposed changes in capital structure;
- information relating to GIP’s financial results;
- a material acquisition, divestment or realisation of assets;
- proposed share issues;
- changes to the Board;
- possible events which could have a material impact on profits (negatively or positively);
- proposed changes in the nature of the business of GIP;
- notification to GIP of a substantial shareholding; and
- any information required to be announced to the market pursuant to Listing Rule 3.1.

2.6 What does “Unpublished” Mean?

“Unpublished” for the purpose of this policy means that the information is not generally available. Information is generally available if it consists of readily observable matter, or it has been made known in a manner likely to bring it to the attention of investors and a reasonable period has elapsed to enable the information to be disseminated, or it is information that is deduced from any such information. GIP releases information to the market via the ASX announcements platform.

ASX publishes information to the market by releasing GIP announcements through the Company Announcements Platform. All announcements are available on the ASX website.

3. **Dealing in Securities Issued by GIP**

3.1 No Dealing Permitted During a Closed Period

Subject to this policy, employees, officers and directors are permitted to deal in GIP securities throughout the year except during the periods identified below, unless the person is in possession of inside information. In setting these times, the Board is cognisant that at this stage GIP is not a producing entity but rather is in exploration and development mode. Accordingly,

the prescribed times for Closed Periods are relevant to its current state and these will be amended at the appropriate time to reflect GIP's transition to a producing entity.

In summary, the periods where trading is forbidden are:

- (i) from 1 September each year until 24 hours after the annual financials become public information;
- (ii) from 1 March each year until 24 hours after the half yearly financials become public information; and
- (iii) from the 15th of each of the months of January, April, July and October each year until 24 hours after the quarterly cash flow statements in the form of the Appendix 5B become public information.

Each period above is referred to as a Closed Period. The period where dealing is permitted is called the Trading Period.

3.2 Prohibition on Dealing While in Possession of Relevant Information

The insider trading prohibition discussed in Rule 2 above applies to all dealings of employees, officers and directors of GIP even if such a person proposes to deal in GIP securities outside of a Closed Period or an Additional Period (as defined in Rule 3.7). Dealing in GIP securities is subject to the prohibition that an employee, officer or director must not deal in GIP securities at any time when he or she is in possession of unpublished, information which, if generally available, might materially affect the price or value of those GIP securities.

3.3 Prohibition on Active Dealing

Dealing during a Trading Period is subject to the prohibition that an employee, officer or director must not actively deal in GIP securities with a view to deriving profit related income from that activity.

"Actively Deal" for this purpose means to deal in GIP securities in a manner which involves frequent and regular trading activity.

3.4 Special Approval to Deal During a Closed Period

An employee, officer or director who is not in possession of inside information in relation to the entity, may be given prior written clearance to deal in GIP's securities during a prohibited period (including Closed Periods and Additional Periods as detailed in Rule 3.7 below) under the trading policy where the employee, officer or director is in severe financial hardship or there are other exceptional circumstances.

GIP considers that the following circumstances will constitute other exceptional circumstances:

- the person has a tax liability and has no other means of satisfying the obligation without selling or otherwise disposing of the person's GIP securities; or
- where dealings in GIP securities are required to comply with a court order or court enforceable undertaking or for some other legal or regulatory requirement, such as may be issued by the family court.

This list is not exhaustive and other circumstances will be assessed on their merits if and when they arise. The discretion will be applied taking into account the hardship of the GIP employee, officer or director and weighing this against any perceived detriment to GIP's reputation, however subject to the person granting the clearance being satisfied that the relevant employee, officer or director is not in possession of inside information relating to GIP.

Approval to deal in GIP securities during a Closed Period in the exceptional circumstances referred to above may be given by:

- the Managing Director/CEO or if absent, the Company Secretary, in their discretion to an employee to deal during the Closed Period;
- the Chairman, in his discretion, to an officer or director to deal during the Closed Period;
- the Chairman, in his discretion to the Managing Director/CEO to deal during the Closed Period;
- the Managing Director/CEO, in his discretion to the Chairman to deal during the Closed Period.

Any such approval must be obtained in advance. It cannot be given after the event. Approval must be in writing which includes electronic communications. Such approval will last for no more than 14 days from the date on which it is granted.

3.5 Confirmation of Dealing that has Occurred

An employee, officer or director must provide confirmation of any dealing (whether or not special approval as detailed in Rule 3.4 above was required to be obtained) in GIP securities to the Managing Director/CEO within 3 business days of the trade (ie. the date of the contract to buy or sell the GIP securities).

3.7 Notice of Change to Closed Period or Introduction of Additional Period

The Closed Period, as outlined in Rule 3.1 above, may be extended or shortened or another Closed Period may be introduced at any time by notice posted on GIP's website.

GIP may, from time to time, also impose additional periods in which employees, officers and directors must not trade in GIP's securities because GIP is considering matters that would require disclosure to the market but for ASX Listing Rule 3.1A ("Additional Period"). GIP employees, officers and directors may only deal in GIP securities during an Additional Period if the circumstances are exceptional and the procedure for special approval detailed in Rule 3.4 has been met.

A dealing during any such Additional Period or changed Closed Period remains subject to Rules 3.1 to 3.4.

3.8 Director Requirement to Report to the market – Listing Rule 3.19A

In accordance with the Corporations Act and the ASX Listing Rules, directors are required to provide details of all changes to their interest in GIP securities registered in the name of the director or held on behalf of the director, directly or indirectly. The details must be provided as soon as reasonably possible after the date of the change and in any event no later than three business days after the change.

3.9 Excluded Trading

The following trading or dealing is not subject to the operations of this trading policy:

- transfer of securities of the entity already held into a superannuation fund of which the employee, officer or director is a beneficiary;
- an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in GIP securities) where the assets of the fund or other scheme are invested at the discretion of a third party;

- where an employee, officer or director is a trustee, trading in the securities of the entity by that trust provided the employee, officer or director 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 employee, officer or director;
- undertakings to accept, or the acceptance of, a takeover offer;
- 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 entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- a disposal of securities of the entity that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement;
- the exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security where the final date for the exercise of the convertible security falls during a Closed Period or an Additional Period and GIP has been in an exceptionally long Closed Period or Additional Period or has had a number of consecutive Closed Periods or Additional Periods and the employee, officer or director could not reasonably have been expected to exercise it at a time when free to do so;
- trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in the trading policy and where:
 - the employee, officer or director did not enter into the plan or amend the plan during a Closed Period or Additional Period; and
 - the trading plan does not permit the employee, officer or director to exercise any influence or discretion over how, when, or whether to trade.

Please note that even if the trading is excluded from this policy, directors, officers and employees must not trade in GIP's securities if they are in possession of inside information.

4. Prohibited Transactions

Directors, officers and employees must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in GIP without first seeking and obtaining prior written approval pursuant to Rule 3.4.

Directors, officers and employees must not enter into agreements that provide lenders with rights over their interests in GIP securities without first seeking and obtaining prior written approval pursuant to Rule 3.4.

Directors, officers and employees must not put in place a non-discretionary trading plan in respect of their GIP securities without first seeking and obtaining prior written approval pursuant to Rule 3.4. Directors, officers or employees must not cancel any such trading plan during a Prohibited Period or an Additional Period, unless the circumstances are exceptional and the procedure for prior written approval pursuant to Rule 3.4 has been met.

Directors, officers and employees are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under any equity based remuneration schemes.

5. Associates

The restrictions on dealings by an employee, officer or director are equally applicable to any dealings:

- (a) by their spouses or de facto spouses;
- (b) by or on behalf of any dependent under 18 years of age; and
- (c) any other dealings in which, for the purposes of the Corporations Act, he or she is or is to be treated as interested. For example, if an employee, officer or director is a trustee of a trust and is also a beneficiary of the trust, the employee, officer or director must not trade in GIP securities on behalf of the trust without reference to this policy.

It is the duty of the employee, officer or director to seek to avoid any such dealing at a time when he or she is himself or herself prohibited from dealing.

6. Employment and Monitoring of Compliance

To promote understanding of the insider trading prohibition, related Corporations Act provisions and GIP policy, a copy of this document will be distributed to all employees, officers and directors. All new employees, officers and directors will also receive a copy of this document with their employment or appointment letter.

7. Conclusion

Compliance with the rules set out in this document is mandatory. Infringement of the insider trading provisions can attract a substantial monetary penalty, imprisonment or both. Failure to comply with this policy could have a damaging impact on perception of GIP within the investment community.

Any employee, officer or director who does not comply with the Trading Policy will be considered to have engaged in serious misconduct which may result in the termination of their engagement by GIP.