



ADX ENERGY LTD

SECURITY TRADING POLICY

Approved 19 January 2011

1. Introduction and Policy Statement

ADX Energy Ltd (“**ADX**”) has shares and options listed on ASX. ADX aims to achieve the highest possible standards of corporate conduct and governance.

The purpose of this security trading policy is to:

- ensure compliance with the ASX Listing Rules and the Corporations Law;
- to ensure that ADX Personnel (defined in section 2) and their associates are aware of the legal restrictions in dealing in ADX’s shares, options or other securities while such a person is in possession of unpublished price sensitive information concerning ADX; and
- assist in maintaining market confidence in the integrity of dealings on ADX securities.

ADX Personnel and their associates must not trade in ADX securities when in possession of inside information or give inside information to any other person who is likely to use it to trade in ADX securities or pass the information onto others to trade in ADX securities.

The policy recognises that it is illegal for a person to deal in ADX’s securities when he or she is in possession of unpublished price sensitive information. This is regardless of whether the terms of this policy have been complied with.

ADX Personnel must receive written approval by the Chairman prior to any dealing in ADX securities.

This policy shall be distributed to all ADX Personnel when commencing with ADX, or whenever this policy is amended, and it is the responsibility of each person to comply with this policy. The policy is also available on ADX’s website. Any non-compliance with this policy will be considered as serious misconduct, including possible termination of employment.

The trading restrictions set out in this policy are additional to any provisions governing or restricting the trading of securities set out in any agreement between ADX and ADX Personnel. Where the provisions of an agreement between ADX and ADX Personnel conflict with the provisions of this policy, the most restrictive provisions will prevail.

Definitions to assist in the interpretation of this policy are set out in section 12.

If you do not understand any part of this policy or how it applies to you, you must discuss the matter with the Chairman or Company Secretary before dealing in any ADX securities.



2. Application

This policy applies to all:

- (a) Executive, non-executive directors and Executive Management Team members (**'Key Management Personnel'**);
- (b) Full-time, part-time and casual employees;
- (c) Contractors and consultants who have access to price sensitive information; and of
- (d) ADX and its subsidiaries('ADX Personnel').

This policy extends to dealing in the securities of ADX by any associate or related party of any ADX Personnel and any company, trust or other entity in which any ADX Personnel have a relevant interest. Accordingly, references to dealings in securities by an ADX Personnel in this trading policy apply equally to dealings by any associate or related party of that ADX Personnel and any company, trust or other entity in which any ADX Personnel have a relevant interest.

3. Insider Trading

A person engages in insider trading if that person deals in securities of a relevant entity while possessing information that:

- (a) is not *generally available*; and
- (b) if it were available, may have a material effect on the price or value of the relevant entity's securities, 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 or value of the entity's securities.

Information is considered 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. This type of information is commonly referred to as "price sensitive information".

The prohibition against insider trading applies to:

- (a) direct trading in ADX's securities;
- (b) procuring another person to trade in ADX's securities;
- (c) communicating price sensitive information to another person who is likely to trade in ADX's securities; or
- (d) securities of other entities that may be affected by inside information, such as suppliers.



Insider trading is a criminal offence, punishable by substantial fines and/or imprisonment. ADX may in certain circumstances also be liable if an ADX Personnel or their associates engages in insider trading. Insider trading may also attract civil liability, including liability to pay compensation to those who suffer loss or damage as a result of the insider trading.

Examples of inside information about ADX could be:

- Information relating to drilling results or reserves;
- Change of directors or senior management;
- A possible acquisition or sale of projects, tenements or other assets;
- Information on changes in operations;
- A proposed takeover or merger;
- A significant incident, such as safety or environmental; or
- Financial results exceeding or falling short of market expectation.

4. Exemptions from this policy

This policy does not apply to the following trading:

- (a) transfers of securities of ADX already held into a superannuation fund or other saving scheme in which the ADX Personnel is a beneficiary;
- (b) where an ADX Personnel is a trustee, trading in the securities of ADX by that trust provided the ADX Personnel 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 ADX Personnel;
- (c) undertakings to accept, or the acceptance of, a takeover offer;
- (d) 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;
- (e) exercising rights under an employee performance rights plan (but not the sale of securities following exercise); and
- (f) a disposal of securities of ADX that is the result of a secured lender exercising their rights under a loan agreement.

5. Prohibited Periods

Unless otherwise approved by the Chairman in exceptional circumstances (for example, genuine and pressing need, see section 7), ADX Personnel are not permitted to deal in ADX securities during the following periods:

- (a) 2 weeks prior to the release to the ASX and ending 48 hours after such release of:



- ADX's quarterly reports;
 - ADX's half year results;
 - ADX's year end results; or
 - ADX's Annual General Meeting and ending 24 hours after the Annual General Meeting, (collectively the "**Closed Periods**").
- (b) Any other blackout period that the Board declares from time to time when it is considering matters which are subject to the exceptions to the continuous disclosure requirements set out in Listing Rule 3.1A.

Notwithstanding the above, no dealing will be permitted at any time if that ADX Personnel possesses (or is deemed to possess) any price sensitive information which is not generally available.

6. Pre-Dealing – permitted trading outside Prohibited Periods

For all periods during which dealing is permitted, ADX Personnel may deal in ADX Securities if:

- prior written consent from the Chairman has been obtained (refer to Schedule 1 – Form of Application to Trade During Permitted Periods);
- they do not have inside information;
- the dealing does not occur within a Prohibited Period (refer section 5);
- the dealing is not for short term or speculative dealing; and
- the dealing is not for the purpose of entering into a transaction that has the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlements in ADX securities.

The dealing must be completed within 14 days from the date of ADX approval.

7. Dealing during Prohibited Periods in Exceptional Circumstances

ADX Personnel may in exceptional circumstances apply to the Chairman for approval to trade during a Prohibited Period, provided that the Applicant is not in possession of inside information. The application must be in the form set out in Schedule 2 and be submitted to the Chairman.

On receipt of the application, the Chairman shall consider the application. No dealing may be undertaken before the Applicant receives the written approval of the Chairman.

The Chairman may grant the Applicant written permission to deal in securities during the Prohibited Period if satisfied that the Applicant's circumstances amount to exceptional circumstances, when taking into account the following factors:

- (a) whether the Applicant is suffering severe financial hardship;



- (b) whether the Applicant is bound by a court order, enforceable undertaking or other legal or regulatory requirement to transfer or sell the securities of ADX; and
- (c) whether the Applicant's circumstances are otherwise exceptional and the proposed dealing is the only reasonable course of action available.

If approval is granted by the Chairman the Applicant must complete the dealing within 14 days of receiving such written approval, or such earlier time as determined.

8. Margin Loans

Key Management Personnel intending to enter into a margin loan or other financing arrangement ('margin loan') where there is a risk that ADX securities may be traded pursuant to the terms of margin loan must obtain prior written approval from the Chairman. The Chairman must be informed of the following information of the margin loan:

- (a) number of ADX securities involved;
- (b) key terms and trigger points;
- (c) the rights of the lender to sell securities; and
- (d) any other material information.

9. ASX Notification by Directors

Under Section 3.19A.2 of the ASX Listing Rules, notification of any change in a Director's interest in securities must be given within 5 business days after the change has occurred.

Directors should notify the Company Secretary in writing who will lodge the necessary notification with the ASX. The Company Secretary must circulate any notification received to other Directors at the next Board meeting.

The ASX must also be notified of a substantial shareholding (more than 5%), or change in substantial shareholding of a Director.

10. Chairman unavailable

When the Chairman is unavailable to approve a proposed dealing in securities for section 6, 7 or 8, or where the Chairman is proposing to deal in securities him/herself, written approvals shall be received from the Company Secretary.

11. Further assistance

Any ADX Personnel who is unsure of the nature of the information that they have in their possession and whether they may deal in ADX's securities should contact the Chairman.



12. Definitions

“Applicant” means an ADX Personnel applying to deal securities during a Prohibited Period in accordance with section 7.

“Associate” includes:

- (a) a related body corporate; and
- (b) a Director or Secretary of a related body corporate.

“ASX” means Australian Securities Exchange.

“Board” means the board of directors of ADX Energy Ltd.

“Closed Period” has the meaning given to that term in section 5.

“Dealing” includes:

- (a) any application for acquisition or disposal of any securities;
- (b) entering into an agreement to apply for, acquire or dispose of any securities; and
- (c) the grant, acceptance, acquisition, disposal, exercise or discharge of any option or other right or obligation to acquire or dispose of securities.

“Executive Management Team” means an:
ADX senior executive or general manager.

“Generally available”, in relation to information, means any such information which:

- (a) is readily observable;
- (b) has been made known in a manner which is likely to bring it to the attention of persons who commonly invest in securities provided that a reasonable period for that information to be disseminated has elapsed since it was made known; or
- (c) consists of deductions, conclusions or inferences made or drawn from information falling under either paragraphs (a) or (b) above.

“Key Management Personnel” (singular use **“Key Management Person”**) has the meaning given to that term in the ASX Listing Rules, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director. For the avoidance of doubt, this includes management Personnel reporting directly to the Managing Director, including the Executive Management Team.

“Prohibited Period” has the meaning given to that term in section 5.



“Related party” includes:

- (a) a spouse or de facto spouse of an ADX Personnel;
- (b) a parent, son or daughter of an ADX Personnel;
- (c) an entity over which a person referred to above has control; or
- (d) two or more persons referred to above together have control.

“Securities” includes:

- (a) ordinary shares;
- (b) other securities issued by ADX such as options, performance rights and convertible notes;
- (c) preference shares;
- (d) hybrid securities;
- (e) debentures;
- (f) any securities in ADX subsidiaries;
- (g) any derivatives (such as exchange-traded options and warrants) and other financial products issued by third parties in relation to ADX’s shares and options; and
- (h) securities of other entities that may be affected by inside information (such as an ADX contractor or partner or another party involved in a corporate transaction with ADX).

“Security holder” means a holder of securities in ADX.



SCHEDULE 1 - FORM OF APPLICATION TO TRADE DURING PERMITTED PERIODS

Name: _____

Residential Address: _____

Office or position in ADX: _____

Type of transaction (circle): Sale/Purchase

Number of securities that are subject of the proposed transaction: _____

Class of securities that are the subject of the proposed transaction: _____

Will the transaction take place on the Stock Exchange (circle): YES/NO

If the transaction is not to take place on the Stock Exchange, advise details of the transaction:

Likely date of the transaction: _____

I HEREBY ACKNOWLEDGE that:

I have read the ADX Security Trading Policy and my decision to deal in securities of ADX has not been made on the basis of information that:

- a. is not generally available, and
- b. would be expected by a reasonable person to have a material effect on the price or value of securities of ADX, if it was generally available.

I request approval for the proposed purchase/sale of the above securities.

Signed: _____ Date: _____

ADX Approval (signed by the Chairman):

I have reviewed the contents of the attached Application and now give my consent to the proposed transaction described in the Application.

Signed by the Chairman: _____ Date: _____



SCHEDULE 2 - FORM OF APPLICATION TO TRADE DURING PROHIBITED PERIODS

Name: _____

Residential Address: _____

Office or position in ADX: _____

Type of transaction (circle): Sale/Purchase

Number of securities that are subject of the proposed transaction: _____

Class of securities that are the subject of the proposed transaction: _____

Will the transaction take place on the Stock Exchange (circle): YES/NO

If the transaction is not to take place on the Stock Exchange, advise details of the transaction:

Likely date of the transaction: _____

Details of exceptional circumstances pursuant to which I make this application:

I HEREBY ACKNOWLEDGE that:

I have read the ADX Security Trading Policy and my decision to deal in securities of ADX has not been made on the basis of information that:

- a. is not generally available, and
- b. would be expected by a reasonable person to have a material effect on the price or value of securities of ADX, if it was generally available.

I request approval for the proposed purchase/sale of the above securities.

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