

Share Trading Policy

Introduction

This policy applies to all Directors and Employees of Elk Petroleum Limited (“the Company”) and any subsidiaries of the Company. The policy also applies to Others (ie consultants/contractors) to whom the Board, on the advice of the Managing Director, considers the policy should apply. The policy will collectively be called Elk Petroleum Limited Directors,, Employees and Others Share Trading Policy (the “Policy”).

This Policy:

- includes a brief summary of the laws that govern dealings in the Company's securities when Directors, Employees and Others have inside information about the Company (“Insider Trading”);
- gives guidance to Directors, Employees and Others who may contemplate dealing in the Company's securities; and
- states the Company's position on, Employees and Others dealing in the securities of other companies where they are in possession of Inside Information because of their position in the Company.

Securities Covered by this Policy

This Policy applies to:

- Company shares;
- other securities which may be issued by the Company, such as options;
- derivatives, such as exchange traded options and warrants, and other financial products issued by third parties in relation to the Company's shares and options; and
- securities of any other company or entity that may be affected by Inside Information, such as a Company joint venture participant.

Insider Trading Prohibited for Dealings in Company Securities

Directors, Employees and Others who are in possession of Inside Information (see definitions below) about the Company's securities must not:

- deal in those securities;
- procure another person such as a family member, friend or associate to deal with those securities; or
- communicate the inside information to another person who is likely to deal in the Company's securities or procure another person to do so.

Inside Information is information that is not generally available; but if it were, a reasonable person would expect it to have a *material effect* on the price or value of the particular security.

Adopted by the Board 15 August 2008

Information that would have a *material effect* on the price or value of a particular security is determined if, and only if, it would or would be likely to influence persons who usually acquire such securities in deciding whether to sell or buy those securities. There may be significant criminal and civil liability and penalties (including imprisonment) imposed on those who breach the law concerning Insider Trading.

Examples of possible price-sensitive information include, but are not limited to:

- the financial or operational performance of the Company;
- entry into, or termination of, a material contract;
- a material acquisition or sale of asset(s);
- an actual or proposed change to the Company's capital structure;
- a proposed dividend or change in the Company's dividend policy; or
- a material claim against the Company or other unexpected liability;

When Dealings in Company Securities are Not Permitted

In addition to the specific prohibitions set out under the above heading (Insider Trading Prohibited for Dealings in Company Securities), Directors, Employees and Others are prohibited from dealing in the Company's securities in the following circumstances:

- from 1 January until the date when the ASX December Quarterly reports are lodged
- from 1 April until the date when the ASX March Quarterly reports are lodged
- from 1 July until the date when the ASX June Quarterly reports are lodged
- from 1 October until the date when the ASX September Quarterly reports are lodged
- when the Board has resolved that there is a prohibition on dealing in the Company's securities which will be notified to Directors, Employees and Others by the Managing Director or Company Secretary by email or facsimile;
- if entering into transactions limits the economic risk of participating in unvested entitlements, such as unvested options, under a Company equity-based remuneration scheme.

Employees will be notified of these periods by the Chairman, Managing Director or Company Secretary by email or facsimile..

When Dealings in Company Securities are Permitted

Notwithstanding the circumstances set out above, the Board may resolve that there are specific periods when Directors, Employees and Others can deal in Company securities. However, Directors, Employees and Others must still ensure that they do not engage in insider trading during a period designated for trading by the Board.

Adopted by the Board 15 August 2008

Subject to the rules of a Company equity-based remuneration scheme, if a Director, Employee or Other intends dealing in Company securities:

- he or she must give prior notice (preferably in writing) of an intention to the Chairman, the Managing Director or the Company Secretary; and
- the Company will use its best endeavours to advise in a timely way if the dealing is permitted; and
- if he or she subsequently deals in a Company's securities, the person must confirm the dealing and relevant details (volume, price, date) of the dealing in writing to the person who was given the prior notice, within 2 business days after the dealing.

Directors, Employees and Others do not need to give prior notification of an intended dealing in Company securities for participation in a Company dividend re-investment plan or for other corporate actions available to all shareholders of the Company, such as participation in a rights issue or other preemptive offer or an undertaking to accept, or the acceptance of, a takeover offer.

Insider Trading Prohibited for Dealings in Securities of Other Companies

Directors, Employees and Others, in the course of performing their duties for the Company, may come into possession of inside information about other companies. The insider trading rules outlined above also apply to dealings with securities in other companies. Directors, Employees and Others are also bound by duties of confidentiality in relation to the inside information obtained about third parties in the course of performing their duties, or their position, in the Company.

Compliance with this Policy

Any Director, Employee or Other may be asked to confirm their compliance with this Policy and to provide confirmation of their dealings in Company securities. Any request must be responded to promptly. This Policy must be strictly complied with and any breach will be regarded seriously. A breach of this Policy may result in disciplinary action being taken which may (if applicable) include dismissal from employment with the Company.