



# **LIQUEFIED NATURAL GAS LIMITED**

## **Securities Trading Policy**

**30 October 2015**

# Liquefied Natural Gas Limited

## *Securities Trading Policy*

This Securities Trading Policy (**Policy**) is a key part of Liquefied Natural Gas Limited's ("LNGL" or the "**Company**") strategy and reflects Company's values and behaviours contained in our Business Principles.

Everyone who works for and with LNGL - employees, directors, contractors, partners or suppliers (**Workforce**) - has responsibility for adhering to our Business Principles, our policies and, thus, this Policy. Read this Policy in conjunction with LNGL's Business Principles, other policies and related guidance, which establishes governance of the Company.

### **1. Policy**

LNGL is committed to the promotion of investor confidence by taking steps within its power to ensure that trading in its securities takes place in an efficient and informed market.

The Workforce must not deal in any LNGL securities at any time when in possession of unpublished inside or price sensitive information in relation to LNGL securities. Further, the Workforce must not deal in the securities of any third-party entities at any time when in possession of unpublished inside or price sensitive information. Such information, typically obtained from business undertaken between LNGL and the third-party public entity, is insider information under the law.

LNGL encourages its Directors and staff to hold securities in the Company; however, all staff are personally responsible for ensuring their compliance with the law and with this Policy.

The purpose of this Policy is to give guidance to the Workforce on dealing in LNGL securities.

### **2. Background**

The Workforce of a listed company may have information (Inside Information) about the entity that is not generally available to the market.

Exchange rules, laws and regulations across most global markets (e.g., the *Corporations Act*) require that a person in possession of inside or price sensitive information must not trade in the securities of that entity, either personally or through another person such as an advisor, broker, friend or family member. The Workforce need to ensure they avoid any direct or indirect communication of any inside or price sensitive information to other persons. Individuals disclosing inside or price sensitive information may be liable for breaching insider trading laws even though they do not deal in the securities of the Company themselves.

This Policy sets out certain restrictions on dealing in the Company's securities (including shares, bonds, options, depository receipts and derivative products tradeable on ASX or on any other securities exchange on which such securities are traded), so that persons do not trade in securities in a way that breaches the insider trading laws. This policy also provides confidence to the market that trading practices are ethical and honest. Through application of this Policy, the Company will consider restricting trading where transactions may reflect badly on the person or the Company.

This policy has been prepared taking into consideration the size and nature of the Company's activities and outlines procedures to ensure that share dealings are undertaken appropriately.

Apart from the general prohibition on trading whilst holding Inside Information, the Company has prescribed "Closed Periods" and "Special Closed Periods" in which trades cannot take place.

The Joint Company Secretary is responsible for notifying Workforce members of their status as a "Restricted Person" and thus subject to enhanced share dealing restrictions. Persons who are not "Restricted Persons" are not restricted from share dealing during a "Closed Period"; however, these Workforce members still have a personal obligation to comply with insider trading laws at all times. The Workforce need to carefully consider when working on specific Company projects that they may have access to Inside Information that is not generally available to the market, which therefore restricts share dealing under the law.

### **3. Definitions**

**ASX** means ASX Limited ABN 98 008 624 691, and where the context requires, the Australian Securities Exchange operated by ASX Limited

**ASX Listing Rules** means the Official Listing Rules of ASX

**Board** means the Board of Directors of the Company

**Business Day** means a day that is not a Saturday, Sunday or gazetted public holiday in Perth, Western Australia

**Chairman** means the Chairman of the Board

**Closed Periods** is defined in paragraph 6 (a)

**Company** means Liquefied Natural Gas Limited (ABN 19 101 676 779) and its Controlled Entities

**Contractors** means all contractors of the Company, and all contractors of any joint venture companies, operations, or arrangements to which the Company is a party

**Controlled Entities** has the meaning as defined in the Corporations Act

**Corporations Act** means the Corporations Act 2001 (*Cth*)

**Deal** or **Dealing** means, in respect of a Security:

- (a) Buying or otherwise acquiring or selling or otherwise disposing of a Security on ASX or another securities exchange on which Securities are traded;
- (b) Applying for or entering into a contract to acquire or dispose of a Security;
- (c) Granting an option, security or encumbrance over a Security; or
- (d) Entering into a margin loan, scrip lending, or hedging arrangement, which involves a Security.

other than Excluded Dealing.

**Designated Person** means General Counsel, in absence (in order) Chief Financial Officer or Joint Company Secretary.

**Director** means a Director of the Company

**Employees** mean all employees of the Company, and all employees of any joint venture companies, operations or arrangements to which the Company is a party

**Excluded Dealing** means any dealing, which falls within the following circumstances:

- (a) Transfers of the Company's Securities by the Restricted Person into a superannuation fund or other saving scheme in which the Restricted 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 the Company's Securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (c) Where a Restricted Person is a trustee, trading in the Company's Securities by that trust provided the Restricted Person is not a beneficiary of the trust and any decision to trade during a Closed Period is taken by the other trustees or by the investment managers independently of the Restricted Person;
- (d) Undertakings to accept, or the acceptance of, a takeover offer for the Company;
- (e) Accepting an offer or invitation made by the Company to all or most of its 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, including 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;
- (f) A disposal of the Company's Securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement (note the rules applicable to arrangements that provide lenders with rights over the interests in the Company's Securities in paragraph 10 of this Policy);
- (g) The exercise (but not the sale of the Company's Securities following exercise) of an option or a right under an employee incentive scheme, or such similar scheme or plan, 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 Closed Period
- (h) Trading under a non-discretionary trading plan for which a clearance to Deal has been provided in accordance with paragraph 7 and where:
  - 1) The Restricted Person did not enter into the plan or amend the plan during a Closed Period;
  - 2) The trading plan does not permit the Restricted Person to exercise any influence or discretion over how, when, or whether to trade; and
  - 3) The Restricted Person may not cancel the trading plan or cancel or otherwise vary the terms of his or her participation in the trading plan during a Closed Period other than in exceptional circumstances; and
- (i) A Dealing that results in no change in the beneficial interest in the Company's Securities.

**Inside Information** means information that is not generally available to the market but which, if generally available, might materially impact the price or value of the Company's Securities

**Related Party** has the meaning in the ASX Listing Rules. For the purpose of this Policy the term Related Party with respect to a person also includes members of the same household as well as persons subject to such person's influence or control.

**Restricted Persons** means:

- (a) All Directors and their spouses and any Related Parties (as defined in the Corporations Act); and
- (b) Any Employee or Contractor:
  - 1) Having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly; or
  - 2) Considered necessary or appropriate by the Managing Director / Chief Executive Officer and Chief Financial Officer from time-to-time, and their spouses and any Related Parties.

**Security** has the meaning in the ASX Listing Rules and also includes financial products and derivatives (in each case as defined in the Corporations Act) and depository receipts traded on ASX or on any other securities exchange in any jurisdiction.

**Special Closed Period** is defined in paragraph 6(b)

#### **4. *Certain Dealings prohibited at all times***

##### **(a) Insider Trading**

- 1) Notwithstanding any other provision of this Policy, if a member of the Workforce possesses Inside Information, that individual must not Deal, or get others to do so, or pass on the Inside Information to others. This prohibition applies regardless of how the individual becomes aware of the Inside Information, and applies to all Workforce members regardless of whether the individual is designated as a Restricted Person or not.
- 2) The prohibition on insider trading in paragraph 4(a)(1) is not restricted only to information concerning the Company's Securities. If a member of the Workforce has Inside Information in relation to Securities of another company, that individual must not deal in those Securities.

##### **(b) Other Dealings prohibited at all times**

In addition to the prohibition on insider trading in paragraph 4(a)(1) and 4(a)(2), a Restricted Person must not Deal in the Company's Securities:

- 1) Where the Dealing is of a short-term nature;
- 2) Where the Dealing by its timing, size or regularity will have the effect or likely effect of bringing the Company into disrepute amongst shareholders or potential investors;
- 3) During the Closed Period or the Special Closed Period as described in paragraph 6 (a) and 6 (b) herein below; or
- 4) Where it is otherwise unlawful to do so.

## 5. **Joint Company Secretary to notify Restricted Persons**

- (a) The Joint Company Secretary is responsible for notifying Workforce members of their status as a “Restricted Person” for purposes of this Policy. As a Restricted Person, individuals are bound by Section 6 - “Restrictions on Dealing by Restricted Person”, Section 7 - “Requirements before Dealing by Restricted Person”, and Section 8 - “Notification of Dealing by Restricted Person”.
- (b) The Joint Company Secretary is responsible for notifying any Restricted Person when such designation no longer applies to the individual under this Policy.

## 6. **Restrictions on Dealing by Restricted Person**

### (a) **No Dealing during Closed Periods**

Subject to the exceptions concerning Excluded Dealing a Restricted Person must not Deal in the Company’s Securities in the following “**Closed Periods**”:

- 1) In the two weeks prior to, and two business days after the day of the release of the Company’s half-yearly results and preliminary final results to the ASX; nor
- 2) In the two weeks prior to and the 24 hours after the annual general meeting of the Company.

### (b) **No Dealing during Special Closed Periods**

From time-to-time, an event may occur that is material to the Company and is known only to a limited group of the Workforce. The Joint Company Secretary may notify such employees that during the period the event remains material and non-public (“Special Closed Period”) the employees designated as Restricted Persons for the purposes of the Special Closed Period must not trade in Company’s Securities. Any person made aware of the existence of a Special Closed Period must not disclose the existence of the Special Closed Period to any person.

### (c) **Dealing during Other Periods**

- 1) At times other than the Closed Periods or Special Closed Periods, a Restricted Person must comply with Section 7 notification and execution criteria in writing, prior to entering into any Dealing in Securities.
- 2) Generally, there is no objection to a Dealing in Securities notified in accordance with this procedure if the following factors are satisfied:
  - (i) The Company is currently in compliance with its continuous disclosure obligations under ASX Listing Rule 3.1;
  - (ii) The Company is not withholding any material information from disclosure by reason of the exceptions to ASX Listing Rule 3.1;
  - (iii) The Restricted Person does not possess any Inside Information in relation to the Company’s Securities.

## **7. Requirements before Dealing by Restricted Person**

- (a) Before Dealing, or giving instructions for Dealing, or causing anyone else to Deal in the Company's Securities, Restricted Persons must:
  - 1) Notify (in order) the Designated Person in writing of their intent to Deal (or cause someone else to Deal) in the Company's Securities;
  - 2) Confirm to the Designated Person in writing that they do not hold any Inside Information;
  - 3) Have been advised in writing by the Designated Person that there is no known reason to preclude him/her from Dealing in the Company's Securities as notified;
  - 4) Have been notified in writing by the Designated Person of the explicit timeframe in which the Restricted Person may Deal in Company Securities; and
  - 5) Have complied with any other conditions on Dealing imposed by the Designated Person.
- (b) The Designated Person may seek appropriate legal advice to ensure the proper provision, or otherwise, of a clearance under this paragraph, and the cost of such advice shall be borne by the Company.
- (c) With respect to any clearance to Deal pursuant to this Section 7:
  - 1) Any clearance to Deal, or refusal to provide clearance to Deal, can be given or refused by the relevant approving person in its absolute discretion without providing reasons.
  - 2) A decision to refuse clearance is final and binding on the Restricted Person seeking clearance.
  - 3) A clearance to Deal can be withdrawn at any time if new information comes to light or there is a change in circumstances.
  - 4) If clearance to Deal is refused, the Restricted Person seeking clearance must keep that information confidential and not disclose it to any person.

## **8. Notification of Dealing by Restricted Person**

- (a) A Restricted Person must notify the Designated Person of any Dealing in the Company's Securities by the Restricted Person within two Business Days of such Dealing having taken place.
- (b) The above notification should include:
  - 1) The name of the Restricted Person;
  - 2) Whether the interest in the Company's Securities held by the Restricted Person was direct or indirect (and if it was indirect, the circumstances giving rise to the interest);
  - 3) The date of the Dealing, and the number of Securities bought, sold or otherwise subject to a Dealing;

- 4) The amount paid or received for the Securities; and
- 5) The number of Securities held by the Restricted Person, directly and indirectly, before and after the Dealing in Securities.

## **9. Breach of Policy**

- (a) In the event of a breach of this policy by a Restricted Person, a written warning shall be issued by the Chairman to the Restricted Person specifying the breach. A warning will be recorded against the Restricted Person unless the Restricted Person convinces the majority of the Board (excluding any Director being the subject of the breach) that a warning should not be given. For the avoidance of doubt, a breach of this Policy by a spouse or a Related Party of a member of the Workforce who is a Restricted Person will be treated as a breach of this Policy by that Restricted Person for the purposes of this paragraph 9.
- (b) In the event of a Restricted Person receiving a second notice of breach, after a recorded warning, then, unless the Restricted Person convinces the majority of the Board (excluding any Director being the subject of the breach) that a second breach should not be recorded, then:
  - 1) If the Restricted Person is a Director they will resign immediately from the Board of the Company or if such Director refuses to resign then, to the extent permitted by law, the Director's directorship will be terminated by the Board with immediate effect; or
  - 2) If the Restricted Person is an Employee they will resign immediately from the Company or if such Employee refuses to resign then, to the extent permitted by law, the Employee's employment will be terminated by the Company's Managing Director with immediate effect.

Such actions shall be without any claim by the relevant Director or Employee, other than for unpaid but due fees or salary (as applicable) and other accrued entitlements up to the date of termination, including any documented out of pocket expenses.

Neither the Company nor the Restricted Person will publicly comment on the reasons for the resignation or termination under this paragraph 9, except as required by law.

## **10. Prohibited Transactions**

### **(a) Hedging**

Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow a stockholder to lock in much of the value of stock holdings, often in exchange for all or part of the potential upside appreciation in the stock. These transactions allow the holder to continue to own the covered Securities, but without the full risks and rewards of ownership. When that occurs, the owner may no longer have the same objectives as the Company and other stockholders. Therefore, hedging transactions in Company's Securities are prohibited.

### **(b) Short Sales**

Short sales of Company Securities evidence an expectation on the part of the seller that the securities will decline in value, and, therefore, signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, short sales



may reduce the seller's incentive to improve the Company's performance. For these reasons, this Policy prohibits short sales of Company Securities.

(c) **Derivative Securities**

A transaction in derivative securities is, in effect, a bet on the short-term movement of Company stock and, therefore, creates the appearance that the Director, Restricted Person, or Employee is trading based on inside information. Transactions in derivative securities also may focus the transacting person's attention on short-term performance at the expense of Company's long-term objectives. Accordingly, the Policy prohibits Dealing in puts, calls, options, or any other derivative securities based on Company's Securities, on an exchange or in any other organized market.

(d) **Margin Accounts and Pledge**

Securities purchased on margin may be sold by the broker without the customer's consent, if the customer fails to meet a margin call. A margin sale may occur at a time when the pledgor is aware of material non-public information or otherwise is not permitted to trade in Company's Securities. Such transactions are prohibited under this Policy.

(e) **Granting interests in Securities to Lenders**

Without limiting any other provision of this Policy, a Restricted Person must not enter into any Dealing or arrangement that provides lenders with rights over their interests in the Company's Securities.

**11. Certification**

Directors, Restricted Persons and other Employees will be required to certify their understanding of and intent to comply with this Policy and may be required to certify compliance on annual basis.

**12. Training**

All Employees and Directors will be informed about this Policy during their induction process and shall be given training on this Policy.

**13. Governance**

The LNGL Board will evaluate this Policy on an annual basis to determine whether it is effective in ensuring accurate and timely compliance in accordance with LNGL's obligations under exchange rules, the law and other regulations.

**14. Management Responsibility**

The General Counsel and Joint Company Secretary are responsible for implementation and maintenance of this Policy.

**15. Applicability**

Every Employee, Director or officer of every wholly owned LNGL company and in every joint venture company under LNGL control must follow this Policy. We apply this Policy in all joint operations where LNGL is the operator. When participating in joint venture companies not under LNGL control we encourage the adoption of a similar policy.

Contractors and consultants are required to act consistent with this Policy when working

for LNGL companies as our agent, on our behalf or in our name on any business activity including when delivering outsourced services.

Breach of a LNGL Policy may result in disciplinary action, up to and including dismissal. LNGL reserves the right to amend or update this Policy as required from time-to-time.