

Corporate Governance Practices (continued)

7. Securities Trading and Disclosure Policy

Introduction

This policy provides a summary of the law relating to insider trading and sets out the policy of the Company on directors, officers and employees dealing in the Company's securities and the securities of other companies where insider trading laws may also apply.

If any person employed or engaged by the Company does not understand the summary of the law included in this policy, or its application, that person should raise the matter with the Company before trading in any securities which may be affected by this policy or the law. This policy is only a summary of the relevant provisions contained in the Corporations Act 2001 and should not be relied upon as legal advice.

In general terms this policy has five key components:

For directors, officers and employees:

- No short-term trading.
- No transacting while in possession of inside information.
- No arrangements to limit exposure to share price decreases.

For directors:

- Prior notification of any intended transaction must be given.
- The Company Secretary must keep a register of transactions.

The Insider Trading Prohibition

General

If you have "inside information" relating to the Company, it is illegal for you to:

- apply for, acquire, or dispose of securities in the Company; or
- procure another person to apply for, acquire, or dispose of securities in the Company; or
- directly or indirectly, communicate the information, or cause the information to be communicated to another person if you know, or ought to reasonably know, that the other person would or would be likely to apply for, acquire, or dispose of securities in the Company.

It is the responsibility of each director and employee to ensure that they do not do any of the things prohibited under the insider trading laws and to immediately inform the Managing Director and Chairman if they suspect any contravention has or is likely to occur. The consequences for breach of these laws may be severe.

Corporate Governance Practices (continued)

7. Securities Trading and Disclosure Policy (continued)

The Insider Trading Prohibition (continued)

What is “inside information”?

Inside information means information which:

- is not generally available; and
- if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of the securities of the Company.

Examples of information which may constitute inside information include, but are not limited to:

- the Company’s financial performance and revised forecasts;
- drilling results, production results and reserve statements;
- bonus or new share issues;
- a material acquisition or sale of assets by the Company;
- an actual or proposed takeover or merger; and
- a proposed dividend or change in dividend policy.

When is information generally available?

Information is “generally available” if:

- a) it consists of readily observable matter; or
- b) if both of the following apply:
 - i) it has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in securities or a kind whose price might be affected by the information; and
 - ii) since it was made known, a reasonable period for it to be disseminated among such persons has elapsed; or
- c) it consists of deductions, conclusions or inferences made or drawn from either or both of the following:
 - i) information referred to in paragraph (a) above; and/or
 - ii) information made known as mentioned in paragraph (b)(i) above.

Corporate Governance Practices (continued)

7. Securities Trading and Disclosure Policy (continued)

The Insider Trading Prohibition (continued)

Consequences for breach of the insider trading prohibition

Breach of the insider trading prohibition by you or family members could expose you or them to criminal and civil liabilities. Breach of insider trading prohibition or this policy will also be regarded by the Company as serious misconduct which may lead to disciplinary action and/or dismissal.

Dealing in securities of other companies

If you have “inside information” relating to a company other than the Company, the insider trading prohibition also applies to dealing in the securities of that company. In the course of performing your duties as an employee of the Company, you may obtain inside information relating to another company in a variety of circumstances including, but not limited to:

- another company may provide inside information about itself to the Company in the course of a proposed transaction;
- another company with whom the Company is dealing may provide inside information about a third company; and
- information concerning the Company or actions which may be taken by the Company could have a material effect on another company.

Independent of insider trading laws, employees are also bound by a duty of confidentiality in relation to information obtained in the course of their employment.

Policy

Directors, officers and employees

- No short-term trading.

Glengarry directors, officers and employees must not partake in short-term trading of the Company’s securities which is defined as less than a 30 day period.

Whilst it is appropriate that directors, officers and employees hold securities in the Company, such persons wishing to trade (buy or sell) such securities must have regard to the legal constraints and to the spirit of this policy.

- No dealing while in possession of inside information.

No director, officer or employee shall buy or sell securities of the Company while in possession of inside information about the Company or its securities (refer to “What is insider trading” section above for the meaning of “inside information”).

Corporate Governance Practices (continued)

7. Securities Trading and Disclosure Policy (continued)

Policy (continued)

Directors, officers and employees (continued)

- No arrangements to limit exposure to share price decreases.
No director, officer or employee issued with share options under the Company's Employee Share Option Plan shall enter into arrangements that limit their exposure to losses that would result from share price decreases. The Company requires all directors and senior executives to sign annual declarations of compliance with this policy.

Directors

Directors must always advise the Chairman prior to any proposed transaction in the Company's securities and in the case of the Chairman, he must advise the Managing Director and Company Secretary.

Directors will normally be permitted to trade in the Company's securities provided that:

- the director is not in possession of inside information;
- the trading is not for short-term or speculative gain;
- the trading is not likely to be seen by the public, press, other shareholders or ASX to be unfair or inappropriate; and
- two business days have expired following the release to the market of the half-yearly, the annual financial results and any ASX announcements.

Disclosure of directors interests

The Company shall comply with the disclosure requirements contained in ASX Listing Rule 3.19A in relation to the disclosure of notifiable interests of directors in the company.

For the purposes of ASX Listing Rule 3.19B, the Company shall enter into an agreement with each of its directors to ensure that each director discloses to the Company the notifiable interests of that director in accordance with the requirements of the ASX Listing Rules.

Register of interests

The Company Secretary will maintain a Register of Director's Interests which will be made available to Board members immediately after any transaction.

Corporate Governance Practices (continued)

7. Securities Trading and Disclosure Policy (continued)

Policy (continued)

Securities covered

This policy applies to all securities issued by the Company from time to time, including ordinary shares, preference shares, debentures, options, convertible notes, etc.

This policy does not apply to acquisition of shares in the Company, via new issues or dividend re-investment plans where the issues are available pro rata to all shareholders. It also does not apply to the Employee Share Option Plan.

Families and Trusts

Persons included under this policy must not trade through their family or through a trust or company in which they have influence or control, in circumstances where they would have been prohibited in trading in their own name.

Trustees

A person who is included under this policy and who is a joint trustee or a trustee of a deceased estate should advise his co-trustees or trust beneficiaries, as the case may be, of his relationship with the Company and the consequential restrictions on his ability to give advice in respect of the Company.

Other company's securities and joint venture parties

Trading by persons included under this policy in the securities of other corporations in which the Company has a substantial investment interest (10% or more) or companies in which the Company is undertaking a joint venture with are subject to the same approval procedures as for Company securities.