



POLICY AND PROCEDURES MANUAL

SHARE TRADING POLICY

Prohibitions

Directors, Officers and Employees are prohibited from short-term dealing in Karoon securities.

Directors, Officers and Employees are prohibited from dealing in Karoon securities if they are in possession of information concerning Karoon which, if made public, a reasonable person would expect to have a material impact on the price or value of Karoon's securities ("**price sensitive information**").

Directors, Officers and Employees are prohibited from dealing in Karoon securities during any embargo period declared by the Chairman or Company Secretary. Embargo periods include the period of two weeks prior to:

- a) The release of Karoon's half-yearly results and preliminary final results to the ASX;
- b) Karoon's annual general meeting.
- c) Anytime an embargo period is advised by the Company Secretary or the Chairman.

These restrictions in dealing in Karoon securities are subject to any discretion exercised by the Chairman or Company Secretary.

Procedural Guidelines

Prior to dealing in Karoon securities, Directors, Officers and Employee's must:

- a) Advise the Chairman or Company Secretary of the proposed dealing to ensure that there is not any imminent ASX announcement that contains price sensitive information; and
- b) Confirm to a Director or Company Secretary that he or she is not aware of any price sensitive information that has not been released to the ASX.

Directors and Officers must advise the Company Secretary of any dealing in Karoon securities within 2 days of such dealing.

Definitions

In this Policy:

"Officers" mean senior executives and includes any employee or consultant who in the performance of his or her duties may become aware of price sensitive information or who is



included in the embargo by reference in any notification by the Chairman or Company Secretary.

“Directors, Officers and Employees” extends to spouses’, children, family trusts and companies controlled by any such persons.

Robert Hosking
Executive Chairman
September 2009