



SHARE TRADING POLICY

Prohibitions

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

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

- the release of Karoon's half-yearly results and preliminary final results to the ASX;
- Karoon's annual general meeting.

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

Procedural guidelines

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

- advise a Director or Company Secretary of the proposed dealing to ensure that there is not any imminent ASX announcement that contains price sensitive information; and
- 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 who in the performance of his or her duties may become aware of price sensitive information.
- "Directors and Officers" extends to spouses', children, family trusts and companies controlled by any such persons.

A handwritten signature in black ink, appearing to read 'Robert Hosking', is written over a light blue horizontal line.

Robert Hosking
Executive Chairman
October 2006