



Securities Trading Policy

1. Introduction

Carbon Energy Limited (the “**Company**” or “**CNX**”) Securities Trading Policy (“**Policy**”) as required by the Australian Securities Exchange (“**ASX**”) Listing Rules sets guidelines for:

- (a) when directors, officers, senior management, other employees, consultants and contractors of the Company (and any family member or associate over whom they have influence) may deal in the Company’s Securities, including restrictions on margin loans and anti-hedging; and
- (b) procedures to reduce the risk of insider trading.

CNX securities includes listed shares in CNX, options over those shares and any other financial products of CNX traded on any securities exchange.

2. Who does this Policy apply to?

This Policy applies to:

- all executive and non-executive directors, officers, employees, contractors and consultants (collectively, “**Personnel**”) of the Company, and its subsidiaries; and
- in relation to Blackout Periods (see paragraph 4), directors and senior executives (senior executives being direct reports to the Managing Director, and those persons’ direct reports) (collectively, “**Designated Persons**”) of the Company, and its subsidiaries (and any family member or associate over whom they have influence).

3. Insider Trading – the Law

3.1 The principal insider trading prohibition in Australian law is contained in section 1043A of the *Corporations Act 2001*.

Inside Information is information relating to the Company that is not generally available but, if the information was generally available, a reasonable person would expect that information to have a material effect on the price or value of the Company’s Securities. Further detail on Material Information is included in *GOV-POL-13 Continuous Disclosure Policy*.

Section 1043A prohibits a person (an Insider) who is in possession of Inside Information from:

- (a) applying for, acquiring, disposing of or entering into an agreement to apply for, acquire or dispose of the Company’s Securities;
- (b) procuring another person to apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of the Company’s Securities; or
- (c) directly or indirectly communicating the Inside Information to another person when the Insider knows, or ought reasonably to know, that the other person would or would be likely to:



- (i) apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of the Company's Securities; or
 - (ii) procure another person to apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of the Company's Securities.
- 3.2 Insider trading is a criminal offence. It is punishable by substantial fines or imprisonment, or both. A company may also be liable if an employee or director engages in insider trading.
- 3.3 Insider trading may also attract civil penalties. A court may impose substantial pecuniary penalties for insider trading and order payment of compensation to persons who suffer loss or damage because of insider trading.
- 3.4 Information is generally available if it:
- (a) is readily observable;
 - (b) has been made known in a manner (e.g. released to the ASX) likely to bring it to the attention of persons who commonly invest in Securities and a reasonable period for that information to be disseminated has elapsed since it was made known.

4. Blackout Periods

The Blackout Period for the purposes of the ASX Listing Rules is a "Closed Period".

In addition to the prohibitions on insider trading set out in the Corporations Act, the Company requires that personnel must not trade in the Company's securities in the following periods ("**Blackout Periods**"):

- (a) the **one week period** between the dispatch of Board papers in advance of a scheduled Board meeting and the closure of that meeting;
- (b) the **one week period** immediately preceding the release of each of the Company's quarterly reports, through to close of trade on the business day of the release;
- (b) the **two week period** immediately preceding the release of the Company's half-yearly report, through to close of trade on the business day of the release;
- (c) the **two week period** immediately preceding the release of the Company's annual report, through to close of trade on the business day of the release, and
- (d) such other periods the Chair and CEO may notify from time to time,

unless the circumstances are exceptional and the procedure for prior written clearance described below has been met.

Even if outside a Blackout Period, Designated Persons must not trade in the Company's securities if they are in possession of inside information.



5. Trading

5.1 Notice of Intent to Deal in the Company Securities

Before trading, or giving instructions for trading in the Company's securities, Designated Persons must:

- (a) notify the Chairman in writing of the intention to trade via *GOV-POL-18-F1 Request for Prior Written Clearance to Trade in Company Securities*;
- (b) confirm in writing that they are not aware of any inside information via *GOV-POL-18-F2 Certification in regard to Inside Information*;
- (c) have been notified in writing by the Chairman of permission to trade (such response to be provided as soon as practicable upon the receipt of the notification referred at point (a) above but in any event no more than 48 hours after receipt of notification); and
- (d) comply with any conditions on trading imposed by the Chairman.

Where the Chairman intends to trade in Company securities, the Chairman must:

- (a) notify the Chair of the Audit and Risk Committee in writing of the intention to trade via *GOV-POL-18-F1 Request for Prior Written Clearance to Trade in Company Securities*;
- (b) confirm in writing that they are not aware of any inside information via *GOV-POL-18-F2 Certification in regard to Inside Information*;
- (c) have been notified in writing by the Chair of the Audit and Risk Committee of permission to trade (such response to be provided as soon as practicable upon the receipt of the notification referred at point (a) above but in any event no more than 48 hours after receipt of notification); and
- (d) comply with any conditions on trading imposed by the Chair of the Audit and Risk Committee.

Employees, consultants and contractors who are not Designated Persons may trade outside of a Blackout Period without notifying their intention to do so.

5.2 Exceptional Circumstances

Any person, who is not in possession of Inside Information affecting Securities, may be given prior written approval to sell or otherwise dispose of Securities during a Blackout Period where there are exceptional circumstances. Exceptional circumstances may include:

- (a) severe financial hardship which means an individual has a pressing financial commitment that cannot be satisfied otherwise than by selling the Securities;
- (b) if an individual is required by a court order, or there are court enforceable undertakings to transfer or sell the Securities or there is some other overriding legal or regulatory requirement for the individual to do so; or
- (c) a situation determined by the Chair (or in the case of the Chair, the Chair of the Audit and Risk Committee).

When requesting prior written approval to sell or otherwise dispose of Securities during a Blackout Period, the individual must submit an application, using *GOV-POL-18-F1 Request for Prior Written Clearance to Trade in*



Company Securities (which can be by email) to the CEO, generally through the Company Secretary (in the case of the CEO an application in writing (which can be by email) to the Chairman) including the reasons for requesting approval. Approval, if granted, must be in writing (which can be by email) and must specify a time period for which the approval applies.

6. Excluded Trading

Trading that is excluded from the restrictions in this Policy includes:

- transfers of Securities already held into a superannuation fund or other saving scheme in which the member of Personnel is a beneficiary;
- an investment in, or trading 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;
- where a member of Personnel is a trustee, trading in Securities by that trust provided the member of Personnel is not a beneficiary of the trust and any decision to trade during a Blackout Period is taken by the other trustees or by the investment managers independently of the member of Personnel;
- undertakings to accept, or the acceptance of, a takeover offer;
- trading under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, a dividend or distribution investment plan (DRP) and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board;
- a disposal of securities of the entity that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement that has been approved following Section 8 of this Policy; and
- the exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, 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 Blackout Period and where the Designated Person could not reasonably have been able to exercise at a time when free to do so; and
- trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy and where:
 - the Designated Person did not enter into the plan or amend the plan during a Blackout Period; and
 - the trading plan does not permit Designated Persons to exercise any influence or discretion over how, when, or whether to trade.

7. Restrictions on Margin Loans

Margin lending poses special risks to the compliance of Designated Persons with this Policy, particularly where the terms of the margin lending arrangements may place the Designated Person in a position of conflict with their obligations under this Policy and/or with the insider trading laws (for example, if a call is made under the arrangements, which results in the Company's securities being sold while the Designated Person possesses inside information).



Without prior approval, Designated Persons must not enter into agreements that provide lenders with rights over their interests in CNX securities (eg for the disposal of CNX securities or options that is the result of a secured lender exercising their rights under a margin lending agreement).

8. Anti-hedging Policy

Directors and senior executives are not permitted to enter into transactions with Securities (or any derivative thereof) in associated products which limit the economic risk of any unvested entitlements under any equity-based remuneration schemes awarded under any equity-based remuneration scheme currently in operation or which will be offered by the Company in the future. However, directors and senior executives will consult with the Chairman if they are considering, or if they are not sure, as to whether entering into transactions may limit the economic risk of unvested entitlements they may have.

9. Notification

Designated Persons must disclose details of changes in securities of the Company they hold (directly or indirectly) to the Company Secretary via *GOV-POL-18-F3 Notification of Trade in Company Securities* as soon as reasonably possible after the date of the contract to buy and sell the securities ("**Contract Date**") but in any event:

- (a) no later than 3 business days after the Contract Date; or
- (b) if they begin to have or cease to have a substantial shareholding or there is a change in their substantial holding, the business day after the Contract Date.

Directors are referred to the Company's *Director's Disclosure Obligations* document and *Director's Declaration of Interest Form*. The Company Secretary is to maintain a register of notifications and acknowledgements given in relation to trading in the Company's securities. The Company Secretary must report all notifications of dealings in the Company's securities to the next Board meeting of the Company.

Directors are reminded that it is their obligation under section 205G of the Corporations Act to notify the market operator within 14 days after any change in a director's interest.

10. Breaches

Breach of the insider trading prohibition could expose directors, officers and employees to criminal and civil liability. Breach of insider trading law or this policy will be regarded by the Company as serious misconduct which may lead to disciplinary action. This policy does not contain an exhaustive analysis of the restrictions imposed on, and the very serious legal ramifications of, insider trading. Directors, officers and employees who wish to obtain further advice in this matter, are encouraged to contact the Company Secretary.

11. Review of the Policy

This Policy will be reviewed regularly by the Board having regard to the changing circumstances of the Company and any changes to this Policy will be notified to affected persons in writing. If directors and senior management have any comments or views concerning the operation or effectiveness of this Policy, they should be communicated to the Company Secretary.



GOV-POL-18-F1

Request for Prior Written Clearance to Trade in Company Securities
(to be accompanied by GOV-POL-18-F2 Certification in regard to Inside Information)

Carbon Energy Limited (Company)

I, a director/an officer/ an employee (delete as appropriate) of the Company, request prior written clearance to trade in securities of the Company in accordance with the terms of the Company's Policy for Trading in Company Securities and provide the following information:

1. Details of securities

Nature of dealing: **BUY** **SELL**
(please circle)

Number of securities and Class of securities:

Name of registered holder:

2.	Reason for request
Request to trade outside a Blackout Period (Directors and officers are required to gain permission before trading outside of a Blackout Period)	<input type="checkbox"/>
OR	
Request to trade in a Blackout Period (exceptional circumstances)	<input type="checkbox"/>
Please provide complete details of the circumstances which you wish to be considered as exceptional:	



I confirm that I have read and understood the Company's *Policy for Trading in Company Securities* and that the proposed dealing does not breach that policy or any legal obligations referred to in it, and in particular, that I do not have any information which, if made available to the market, may be likely to have a material effect on the price of securities

I acknowledge that in accordance with the Company's Policy for Trading in Company Securities, I cannot trade in the Company's securities until clearance is given and I understand that any clearance given will be valid only for the period stated in the clearance.

Signed:

Name: Date:

Approved on the following basis:

1. This approval is for the following time period only [insert time period].
2. Certification has been provided to confirm that the Applicant is not aware* (as defined in the ASX Listing Rules) of any Inside Information (see Attachment A for certification).
3. That the Applicant understands that the laws prohibiting insider trading continue to apply.

[Title of individual authorising trade]



GOV-POL-18-F2

CERTIFICATION in regard to Inside Information

To: Company Secretary
Carbon Energy Limited

From: [Insert name and title]

I certify that I am not aware* (as defined in the ASX Listing Rules) of any Inside Information** that would preclude me from trading in Carbon Energy Limited securities.

[name of Applicant]

* ***Aware** – an entity becomes aware of information if, and as soon as, an officer of the entity has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity.*

** ***Inside Information** is information relating to the Company that is not generally available but, if the information was generally available, a reasonable person would expect that information to have a material effect on the price or value of the Company's Securities. Further detail on Material Information is included in the Company's Continuous Disclosure Policy. While this Policy gives guidance on what constitutes Material Information, it is each individual's responsibility to ensure they are not in breach of Section 1043A of the Corporations Act.*



GOV-POL-18-F3

*Notification of Trade in Company Securities
Carbon Energy Limited (Company)*

I, a director/an officer/ an employee (delete as appropriate) of the Company, hereby notify the Company of a trade in securities of the Company undertaken in compliance with the terms of the Company's Policy for Trading in Company Securities.

Name of registered holder:		
<u>Details of securities</u>		
<i>(please circle)</i>		
Nature of dealing:	BUY	SELL
	ON-MARKET	OFF-MARKET
Number of securities and		
Class of securities:		
Date trade actioned:		