

Revised Trading Policy

Challenger Exploration Limited (ASX: CEL) advises that in accordance with Listing Rule 12.9, the Company has a revised Trading Policy.

The Trading Policy is attached and is available on the Company's website www.challengerex.com

For and on behalf of the board

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CHALLENGER EXPLORATION LIMITED
ABN 45 123 591 382
(Company)

TRADING POLICY

GUIDELINES FOR BUYING AND SELLING SECURITIES

1. INTRODUCTION

The Company is a listed company on the Australian Securities Exchange (**ASX**). Consequently, the Company and its consolidated entities (**Group**) impose certain restrictions with regard to the trading of the Company's securities by its board of directors (**Board**) and employees.

These guidelines set out the policy on the sale and purchase of securities in the Company. This policy applies to **Restricted Persons**. A Restricted Person is a person who is:

- (a) a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company (**Key Management Personnel**); and
- (b) a senior employee of the Group (**Senior Employee**); and
- (c) a key or senior contractor or consultant who at the time is engaged by or providing services to the Group (**Key Consultant or Key Contractor**); and
- (d) a Connected Person of Key Management Personnel/Senior Employees/Key Consultants or Key Contractors.

A **Connected Person** means a spouse or partner, child or step-child under 18 - *years, a parent, an unlisted body corporate which the Key Management Personnel, Senior Employee or Key Consultant or Key Contractor controls or is director of, a trust of which the Key Management Personnel, Senior Employee or Key Consultant or Key Contractor is a trustee and of which he or she or any of the persons referred to above is a beneficiary or any other person over whom the Key Management Personnel, Senior Employee or Key Consultant or Key Contractor has significant influence or control. Where this policy requires a Restricted Person to do an act or thing, the relevant Restricted Person must do that act or thing in respect of the Connected Person. Restricted Persons are encouraged to be long-term holders of Company Securities. However, it is important that care is taken in the timing of any purchase or sale of such securities.

The purpose of these guidelines is to assist Restricted Persons to avoid conduct known as 'insider trading'. In some respects, the Company's policy extends beyond the strict requirements of the Corporations Act.

2. SECURITIES COVERED BY THIS POLICY?

This policy applies to trading in all securities issued by the Company, and includes the following types of securities:

- (a) shares, share acquisition rights and options;
- (b) debentures (including bonds and notes);
- (c) derivatives of any of the above (including equity swaps, futures, hedges and exchange-traded or over-the-counter options) whether settled by cash or otherwise,

(Company Securities)

The insider trading provisions in the Corporations Act also apply to the securities of other companies and entities if you have inside information about that company or entity. These other companies and entities may include suppliers or customers of the Group; joint venture partners; or companies that the Company or another member of the Group has entered (or is planning to enter) into a transaction with, for example a takeover or asset sale or purchase.

3. WHAT IS INSIDER TRADING?

3.1 Prohibition

Conduct which constitutes insider trading or insider dealing is a criminal offence. It may also result in civil liability. In broad terms, a person will be guilty of insider trading if:

- (a) that person possesses information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of the Company's Securities (ie, information that is 'price sensitive') (**Inside Information**); and
- (b) that person:
 - (i) directly or indirectly buys or sells Company Securities for their own account or for the account of a third party; or
 - (ii) recommends on the basis of the Inside Information that another person deals in Company Securities or induces that person to deal, or cancels or amends an order concerning Company Securities or induces that person to so cancel or amend; or
 - (iii) passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell Company Securities.

A person will also be guilty of insider trading or insider dealing if they use a recommendation or inducement (as set out in paragraph (b)(iii) above) and they know or ought to know that such recommendation or inducement is based on Inside Information.

3.2 Generally Available Information

Information is "generally available" if it:

- (a) consists of a readily observable matter;
- (b) 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 any classes of securities issued by the Company and, since it was made known, a reasonable period for it to be disseminated among those persons has elapsed. That is, information will be "generally available" if it has been released to the ASX or published in an annual report or prospectus or similar document and a reasonable period of time has elapsed after the information has been disseminated in one of these ways or;
- (c) consists of deductions, conclusions or inferences made or drawn from information referred to in clause 3.2 (a) of this policy or information made known as mentioned in clause 3.2 (b) of this policy, or both.

3.3 Examples

To illustrate the prohibition described above, the following are possible examples of price sensitive information which, if made available to the market, may be likely to affect materially the price of Company Securities:

- (a) the Company considering a major acquisition or disposal of assets;
- (b) the threat of major litigation against the Company;
- (c) the Company's sales and profit results materially exceeding (or falling short of) the market's expectations;
- (d) a material change in debt, liquidity or cash flow;
- (e) the granting (or loss) or a major contract;
- (f) management or business restructuring proposal;
- (g) a share issue proposal;
- (h) an event which could have a material impact (either positively or negatively) on production or profits (for example, disconnection or shut-in of production, a significant safety or environmental incident);
- (i) giving or receiving a notice of intention to make a takeover;
- (j) an agreement or option to acquire an interest in a mining tenement, or to enter into a joint venture or farm-in or farm-out arrangement in relation to a mining tenement; and
- (k) significant discoveries, exploration results, or changes in reserve/resource estimates or production figures from mining tenements in which the Company has an interest.

3.4 Dealing through third parties

The prohibition extends to dealings by Key Management Personnel, Senior Employees, Key Consultants or Key Contractors through nominees, agents or other Connected Persons.

3.5 Information however obtained

It does not matter how or where the person obtains the information – it does not have to be obtained from the Company to constitute Inside Information.

3.6 Option exercises

The prohibition does not apply to acquisitions of shares or options by Key Management Personnel, a Senior Employee or Key Consultant or Key Contractor made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme. However, the prohibition does apply to the sale of shares acquired under an employee share scheme and also to the sale of shares acquired following the exercise of an option granted under an employee option scheme.

4. GUIDELINES FOR TRADING IN THE COMPANY'S SECURITIES

4.1 General rule

Restricted Persons must not deal in or procure others to deal in Company Securities at any time if he or she is in possession of Inside Information.

Restricted Persons are not permitted to buy or sell Company Securities during the period:

- from two weeks prior to until two days after the release of the Company's full year results; and
- from two weeks prior to until two days after the release of the Company's half year results.

(Blackout Periods).

Restricted Persons must also not deal in Company Securities within any period imposed by the Board from time to time, for example because the Company is considering matters that would require disclosure to the market but for Listing Rule 3.1A (**Additional Period**).

This prohibition is in addition to the Blackout Periods. The Blackout Periods and the Additional Period are together referred to as a prohibited period (**Prohibited Period**).

4.2 No short-term trading in the Company's securities

Restricted Persons should never engage in short-term trading of Company Securities except for the exercise of options where the shares will be sold shortly thereafter.

4.3 Placing of Orders

The placing of orders is prohibited. Restricted Persons must accept the bid or the asking price matching the available number of shares that are bid or offered when trading in the Company's securities.

4.4 Securities in other companies

Buying and selling securities of other companies with which the Company may be dealing is prohibited where an individual possesses information which is not 'generally available' to the market and is 'price sensitive'. For example, where an individual is aware that the Company is about to sign a major agreement with another company, they should not buy securities in either the Company or the other company.

4.5 Exceptions

- (a) Restricted Persons may at any time:
- (i) acquire ordinary shares in the Company by conversion of securities giving a right of conversion to ordinary shares;
 - (ii) acquire Company Securities under a bonus issue made to all holders of securities of the same class;

- (iii) acquire Company Securities under a dividend reinvestment, or top-up plan that is available to all holders or securities of the same class;
- (iv) acquire, or agree to acquire or exercise options under a Company Share Option Plan;
- (v) withdraw ordinary shares in the Company held on behalf of the employee in an employee share plan where the withdrawal is permitted by the rules of that plan;
- (vi) acquire ordinary shares in the Company as a result of the exercise of options held under an employee option scheme;
- (vii) transfer securities of the Company already held into a superannuation fund or other saving scheme in which the Restricted Person is a beneficiary;
- (viii) make an investment in, or trade in units of, a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (ix) where a Restricted Person is a trustee, trade in Company Securities by that trust provided the Restricted Person is not a beneficiary of the trust and any decision to trade during a Prohibited Period is taken by the other trustees or by the investment managers independently of the Restricted Person;
- (x) undertake to accept, or accept, a takeover offer;
- (xi) trade 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 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. This includes 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;
- (xii) dispose of Company Securities resulting from a secured lender exercising their rights, for example, under a margin lending arrangement;
- (xiii) exercise (but not sell securities following exercise) an option or a right under an employee incentive scheme, or convert a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Prohibited Period and the Company has been in an exceptionally long Prohibited Period or the Company has had a number of consecutive Prohibited Periods and the Restricted Person could not reasonably have been expected to exercise it at a time when free to do so; or
- (xiv) trade under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this policy.

- (b) In relation to any share or option plans:
- (i) it is not permissible to provide the exercise price of options by selling the shares acquired on the exercise of these options unless the sale of those shares occurs outside the Prohibited Period specified in paragraph 4.1; and
 - (ii) where the exercise price of options is being provided by a margin loan or other form of lending arrangement then there may be a risk that the Restricted Person may need to sell shares to avoid providing additional capital or security to the lender in the event of a decrease in the value of the shares.

Were this to occur at a time when the person possessed Inside Information then the sale of Company Securities would be a breach of insider trading laws, even though the person's decision to sell was not influenced by the Inside Information that the person possessed and the person may not have made a profit on the sale. Where Company Securities are provided to a lender as security by way of mortgage or charge a sale that occurs under that mortgage or charge as a consequence of default would not breach insider trading laws.

5. APPROVAL AND NOTIFICATION REQUIREMENTS

5.1 Approval Requirements – directors

- (a) Any director wishing to buy, sell or exercise rights in relation to Company Securities must obtain the prior approval of the Chairman or the Board before doing so; or
- (b) If the Chairman wishes to buy, sell or exercise rights in relation to Company Securities the Chairman must obtain the prior approval of the Board before doing so.

5.2 Approval Requirements – Key Management Personnel (excluding directors)

Any Key Management Personnel wishing to buy, sell or exercise rights in relation to Company Securities must obtain the prior approval of the Managing Director before doing so.

5.3 Approval Requirements – Senior Employee or Key Consultant or Key Contractor

Any Senior Employee, Key Consultant or Key Contractor wishing to buy, sell or exercise rights in relation to Company Securities must obtain the prior approval of the Company Secretary before doing so.

5.4 Exemption from trading restriction due to exceptional circumstance

A Restricted Person who is not in possession of Inside Information in relation to the Company, may be given prior written clearance by the appropriate person as outlined above in clauses 5.1, 5.2, and 5.3 to sell or otherwise dispose of Company Securities during a Prohibited Period where the person is in severe financial hardship or where there are exceptional circumstances as set out in this policy.

5.5 Severe Financial Hardship or Exceptional Circumstances

The determination of whether a Restricted Person is in severe financial hardship will be made by the Managing Director in the case of Senior Employees, Key

Consultants or Key Contractors, the Chairman in the case of a Director, and all of the Board in the case of the Chairman.

A financial hardship or exceptional circumstances determination can only be made by examining all of the facts and if necessary obtaining independent verification of the facts from banks, accountants or other like institutions.

5.6 Financial Hardship

Restricted Persons may be in severe financial hardship if they have a pressing financial commitment that can not be satisfied other than by selling Company Securities.

In the interests of an expedient and informed determination by the Managing Director, Chairman or Board of Directors, any application for an exemption allowing the sale of Company Securities during a Prohibited Period based on financial hardship must be made in writing, be accompanied by a statutory declaration stating all of the facts and be accompanied by copies of relevant supporting documentation, including contact details of the persons accountant, bank and other such independent institutions.

Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of Company Securities can be made.

5.7 Exceptional Circumstances

Exceptional circumstances may apply to the disposal of Company Securities by a Restricted Person if the person is required by a court order, a court enforceable undertaking for example in a bona fide family settlement, to transfer or sell Company Securities or there is some other overriding legal or regulatory requirement to do so.

Any application for an exemption allowing the sale of Company Securities during a Prohibited Period based on exceptional circumstances must be made in writing and be accompanied by relevant court and/or supporting legal documentation.

Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of Company Securities can be made.

6. ASX NOTIFICATION FOR DIRECTORS

The ASX Listing Rules require the Company to notify the ASX within 5 business days after any dealing in Company Securities (either personally or through a Connected Person) which results in a change in the relevant interests of a Director in Company Securities. The Company has made arrangements with each Director to ensure that the Director promptly discloses to the Company Secretary all the information required by the ASX.

7. EFFECT OF COMPLIANCE WITH THIS POLICY

Compliance with these Guidelines for trading in Company Securities does not absolve that individual from complying with the law, which must be the overriding consideration when trading in Company Securities.