



ASX/MEDIA RELEASE

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SECURITIES TRADING POLICY

Liquefied Natural Gas Limited (ASX Code: LNG) provides a copy of its updated securities trading policy to ensure compliance with Listing Rules on Trading Policies that come into effect from 1 January 2011.

For further information contact:

Mr Maurice Brand
Managing Director
Telephone: + 61 8 9366 3700

Mr David Gardner
Company Secretary
Telephone: + 61 8 9366 3700

Liquefied Natural Gas Limited
Ground Floor, 5 Ord Street, West Perth WA 6005
Telephone: (08) 9366 3700 **Facsimile:** (08) 9366 3799
Email: LNG@LNGLimited.com.au
Web site: www.LNGLimited.com.au



**LIQUEFIED NATURAL GAS
LIMITED**

SECURITIES TRADING POLICY

23 DECEMBER 2010

LIQUEFIED NATURAL GAS LIMITED
ACN 101 676 779

SECURITIES TRADING POLICY

Introduction

Directors, officers and staff of a listed company may have information (inside information) about the entity that is not generally available to the market.

The *Corporations Act* requires that a person who has such inside information must not trade in the securities of that entity, either personally or through another person such as an advisor, broker, friend or family member. Directors, officers and staff need to also ensure that they avoid any direct or indirect communication of any inside information to other persons. If they do, they can be liable for insider trading even though they did not deal with the securities of the Company themselves.

This securities trading policy provides the restrictions in dealing with the Company's securities (both shares and options) so that persons do not trade in securities in a way that breaches the insider trading laws and provides confidence to the market that trading practices are ethical and honest. The Company will also consider restricting trading where transactions may reflect badly on the person or the Company.

This policy has been prepared taking into consideration the size and nature of the Company's activities and importantly outlines the procedures to be followed to ensure such dealings are undertaken appropriately.

Whilst the Company encourages its directors and staff to hold securities in the Company, all staff have a personal responsibility to ensure that they comply with the law and with this policy otherwise such actions could lead to termination of employment.

Apart from the general prohibition to trade whilst holding inside information, the Company has prescribed "Closed Periods" in which trades cannot take place. However upon written application, the Company will consider circumstances that may warrant trading to take place during a "Closed Period".

Staff of the Company should also be aware that the Company Secretary will notify them if they are considered to be a "Restricted Person" and subject to restrictions in trading. Persons who are not "Restricted Persons" are not restricted from trading during a "Closed Period", however they still have a personal obligation to comply with the insider trading laws at all times. As staff progress their careers with the Company and their level of authority and responsibility changes, their "Restricted Person" status may also change. Staff also need to carefully consider when working on specific projects that they may have access to inside information that is not generally available to the market and cannot trade.

Note – If you are not a restricted person you still have an obligation not to trade if you hold inside information. If you have any doubts please contact the Company Secretary immediately.

The Board has adopted the following Policy in relation to the buying and selling of Securities by all Restricted Persons.

All bold terms in the Policy are defined below:

1. Definitions

In this Securities Trading Policy:

Applicant is defined in paragraph 6(b).

Application is defined in paragraph 6(b).

ASX means ASX Limited ABN 98 008 624 691, and where the context requires, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules means the Official Listing Rules of ASX.

Board means the board of Directors of the Company.

Business Day means a day that is not a Saturday, Sunday or gazetted public holiday in Perth, Western Australia.

Chairman means the chairman of the Board.

Closed Periods is defined in paragraph 4.1.

Company means Liquefied Natural Gas Limited (ABN 19 101 676 779) and its Controlled Entities.

Contractors means all contractors of the Company, and all contractors of any joint venture companies, operations or arrangements to which the Company is a party.

Controlled Entities has the meaning as defined in the Corporations Act.

Corporations Act means the Corporations Act 2001 (*Cth*).

Deal or **Dealing** means buying or selling a Security holding in the Company or entering into a margin loan, scrip lending or hedging arrangement which involves a Security holding in the Company.

Designated Officer is defined in paragraph 5(a).

Director means a director of the Company.

Employees mean all employees of the Company, and all employees of any joint venture companies, operations or arrangements to which the Company is a party.

Excluded Dealing means any dealing which falls within the following circumstances for the purposes of paragraph 5:

- (a) transfers of the Company's Securities by the Restricted Person into a superannuation fund or other saving scheme in which the Restricted Person is a beneficiary;
- (b) an investment in, or trading in 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;
- (c) where a Restricted Person is a trustee, trading in the Company's Securities by that trust provided the Restricted Person is not a beneficiary of the trust and any decision to trade during a Closed Period is taken by the other trustees or by the investment managers independently of the Restricted Person;

- (d) undertakings to accept, or the acceptance of, a takeover offer for the Company;
- (e) accepting an offer or invitation made by the Company to all or most of its 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, including 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;
- (f) a disposal of the Company's Securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement (note the rules applicable to Restricted Persons entering into arrangements that provide lenders with rights over their interests in the Company's Securities in paragraph 10 of this policy);
- (g) the exercise (but not the sale of the Company's Securities following exercise) of an option or a right under an employee incentive scheme, or such similar scheme or plan, 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 Closed Period and the Company has been in an exceptionally long Closed Period or the Company has had a number of consecutive Closed Periods and the Restricted Person could not reasonably have been expected to exercise it at a time when free to do so;
- (h) trading under a non-discretionary trading plan for which Prior Written Clearance has been provided in accordance with paragraph 6 and where:
 - 1) the Restricted Person did not enter into the plan or amend the plan during a Closed Period;
 - 2) the trading plan does not permit the Restricted Person to exercise any influence or discretion over how, when, or whether to trade; and
 - 3) the Restricted Person may not cancel the trading plan or cancel or otherwise vary the terms of his or her participation in the trading plan during a Closed Period other than in exceptional circumstances; and
- (i) a Dealing which results in no change in the beneficial interest in the Company's Securities.

Excluded Dealing Notice is defined in paragraph 5(a).

Inside Information means information that is not generally available to the market but which, if generally available, might materially impact the price or value of the Company's Securities.

Policy means this Share Trading Policy.

Prior Written Clearance is defined in paragraph 6(a).

Related Party has the meaning in the ASX Listing Rules.

Restricted Persons means:

- (a) all Directors and their spouses and any related parties (as defined in the Corporations Act); and
- (b) any Employee or Contractor:
 - 1) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly; or
 - 2) considered necessary or appropriate by the Managing Director and Chief Financial Officer from time to time,

and their spouses and any related parties (as defined in the Corporations Act).

Security has the meaning in the ASX Listing Rules.

2. Certain Dealings prohibited at all times

2.1 Insider Trading

- (a) Notwithstanding any other provision of this Policy, if a Restricted Person possesses Inside Information, that Restricted Person must not Deal, or get others to do so, or pass on the Inside Information to others. This prohibition applies regardless of how the Restricted Person becomes aware of the Inside Information.
- (b) The prohibition on insider trading in paragraph 2.1(a) is not restricted to information concerning the Company's Securities. If a Restricted Person has Inside Information in relation to Securities of another company, that Restricted Person must not deal in those Securities.

2.2 Other Dealings prohibited at all times

In addition to the prohibition on insider trading in paragraph 2.1(a), a Restricted Person must not Deal in the Company's Securities:

- (a) where the Dealing is of a short-term nature;
- (b) where the Restricted Person is aware of Inside Information;
- (c) where the Dealing by its timing, size or regularity will have the effect or likely effect of bringing the Company into disrepute amongst shareholders or potential investors; or
- (d) where it is unlawful to do so.

3. Company Secretary to notify Restricted Persons

- (a) The Company Secretary will notify persons considered to be Restricted Persons for the purposes of this Policy, and therefore bound by the "Restrictions on Dealing by Restricted Person", "Requirements before Dealing by Restricted Person" and "Notification of Dealing by Restricted Person" set out in Section 4 below.
- (b) The Company Secretary will also notify any Restricted Person if the Board decides that the person should no longer be considered a Restricted Person under this Policy.

4. Restrictions on Dealing by Restricted Person

4.1 No Dealing during Closed Periods

Subject to the exceptions in paragraphs 5 and 6, a Restricted Person must not deal in the Company's Securities in the following "**Closed Periods**":

- in the four weeks prior to, and the 24 hours after the release of the Company's half-yearly results and preliminary final results to the ASX; nor
- in the two weeks prior to and the 24 hours after the annual general meeting of the Company.

4.2 Dealing during Other Periods

- (a) At times other than the Closed Periods, a Restricted Person should advise the Chairman in writing, prior to entering into any Dealing in Securities, and comply with the relevant requirements before Dealing as set out in paragraph 4.3.
- (b) Generally, there is no objection to a Dealing in Securities notified in accordance with this procedure if the following factors are satisfied:
 - 1) the Company is currently in compliance with its continuous disclosure obligations under ASX Listing Rule 3.1;
 - 2) the Company is not withholding any material information from disclosure by reason of the exceptions to ASX Listing Rule 3.1 (namely under ASX Listing Rules 3.1.1, 3.1.2 and 3.1.3); and

- 3) the Restricted Person does not possess any Inside Information in relation to the Company's Securities.

4.3 Requirements before Dealing by Restricted Person

- (a) **Chairman** - before Dealing, or giving instructions for Dealing or causing anyone else to Deal, in the Company's Securities, the Chairman must:
 - 1) notify the Board of the Chairman's intention to Deal (or cause someone else to Deal) in the Company's Securities;
 - 2) confirm that the Chairman does not hold any Inside Information;
 - 3) have been advised by the Board that there is no known reason to preclude the Chairman from Dealing in the Company's Securities as notified; and
 - 4) have complied with any conditions on Dealing imposed by the Board (including, for example, any time limits applicable to the clearance).
- (b) **Director (other than the Chairman)** - before Dealing or giving instructions for Dealing or causing anyone else to Deal, in the Company's Securities, a Director (other than the Chairman) must:
 - 1) notify the Chairman of the Director's intention to Deal (or cause someone else to Deal) in the Company's Securities;
 - 2) confirm that the Director does not hold any Inside Information;
 - 3) have been advised by the Chairman that there is no known reason to preclude him/her from Dealing in the Company's Securities as notified; and
 - 4) have complied with any conditions on Dealing imposed by the Chairman (including, for example, any time limits applicable to the clearance).
- (c) **Restricted Persons (other than the Chairman or Directors)** - before Dealing, or giving instructions for Dealing or causing anyone else to Deal, in the Company's Securities, Restricted Persons (other than the Chairman or Directors) must:
 - 1) notify the Managing Director or Company Secretary of their intention to Deal (or cause someone else to Deal) in the Company's Securities;
 - 2) confirm that they do not hold any Inside Information;
 - 3) have been advised by the Managing Director that there is no known reason to preclude them from Dealing in the Company's Securities as notified; and
 - 4) have complied with any conditions on Dealing imposed by the Managing Director (including, for example, any time limits applicable to the clearance).
- (d) The Board, Chairman, Managing Director or Company Secretary may seek appropriate legal advice to ensure the proper provision, or otherwise, of a clearance under this paragraph 4.3, and the cost of such advice shall be borne by the Company.

4.4 Notification of Dealing by Restricted Person

- (a) A Restricted Person must notify the Managing Director (or the Company Secretary where that Restricted Person is the Managing Director) of any Dealing in the Company's Securities by the Restricted Person within two Business Days of such Dealing having taken place.
- (b) The above notification should include:
 - 1) the name of the Restricted Person;

- 2) whether the interest in the Company's Securities held by the Restricted Person was direct or indirect (and if it was indirect, the circumstances giving rise to the interest);
- 3) the date of the Dealing, and the number of Securities bought or sold;
- 4) the amount paid or received for the Securities; and
- 5) the number of Securities held by the Restricted Person, directly and indirectly, before and after the trading in Securities.

5. **Excluded Dealings during a Closed Period**

- (a) During a Closed Period, a Restricted Person who is not in possession of Inside Information in relation to the Company may undertake an Excluded Dealing (provided that it is not a Dealing prohibited by paragraph 2.2), subject to a notice in writing of the proposed Excluded Dealing ("**Excluded Dealing Notice**") being provided by the Restricted Person to the Chairman (or the Managing Director where that Restricted Person is the Chairman) (the "**Designated Officer**") at the registered address of the Company at least 7 Business Days prior to the date of the proposed Excluded Dealing, setting out details of:
 - 1) the name of the Restricted Person;
 - 2) whether the interest in the Company's Securities held by the Restricted Person is direct or indirect (and if it is indirect, the circumstances giving rise to the interest);
 - 3) a description of the proposed Excluded Dealing;
 - 4) the proposed date of the Excluded Dealing;
 - 5) the number of Securities to be bought or sold under the Excluded Dealing;
 - 6) the amount to be paid or received for the Securities; and
 - 7) the number of Securities held by the Restricted Person, directly and indirectly, before and after the Excluded Dealing.
- (b) The Designated Officer will notify the relevant Restricted Person in writing within 4 Business Days of receipt of the Excluded Dealing Notice that either:
 - 1) the proposed Excluded Dealing may proceed; or
 - 2) the proposed Excluded Dealing must not proceed (without giving any reasons) and if so notified, the relevant Restricted Person must not proceed with the proposed Excluded Dealing.
- (c) For the purpose of notifying the relevant Restricted Person in accordance with paragraph 5(b), the Designated Officer must provide written notification, which may include notification by email to an email address specified by the relevant Restricted Person in his or her Excluded Dealing Notice.

6. Exceptional Circumstances during a Closed Period

- (a) A Restricted Person who is not in possession of Inside Information in relation to the Company may be given prior written clearance by the Designated Officer ("**Prior Written Clearance**") to sell or otherwise dispose of the Company's Securities during a Closed Period where the Restricted Person is:
- 1) in severe financial hardship, as described in paragraph 7; or
 - 2) there are other exceptional circumstances, as described in paragraph 8.
- (b) To apply for Prior Written Clearance under paragraph 6(a), a Restricted Person (the "**Applicant**") must apply to the Designated Officer by sending an application in writing to the registered address of the Company ("**Application**") at least 21 days prior to the date of the proposed Dealing, setting out details of:
- 1) the name of the Applicant;
 - 2) whether the interest in the Company's Securities held by the Applicant is direct or indirect (and if it is indirect, the circumstances giving rise to the interest);
 - 3) a description of the Dealing;
 - 4) the proposed date of the Dealing;
 - 5) the number of Securities to be sold or disposed of under the Dealing;
 - 6) the amount to be received for the Securities; and
 - 7) the number of Securities held by the Applicant, directly and indirectly, before and after the Dealing.
- (c) The Designated Officer will consider the Application and respond in writing to the Applicant within 14 days of receipt of the Application, either:
- 1) approving the Application (which may or may not be subject to conditions in the Designated Officer's absolute discretion); or
 - 2) rejecting the Application (without giving any reasons) and if so notified, the relevant Restricted Person must not proceed with the proposed Dealing.

For the purpose of responding to the Applicant in accordance with this paragraph, the Designated Officer must provide a written response, which may include a response by email to an email address specified by the Applicant in his or her Application.

- (d) Any Prior Written Clearance will specify the duration of that clearance to Deal in the Company's Securities during a Closed Period and the number of Securities that may be sold or disposed of under the Dealing (which will only be of sufficient number to address the exceptional circumstances pursuant to paragraphs 7 and 8 of this Policy).

7. What constitutes Severe Financial Hardship

- (a) For the purposes of paragraph 6(a), the Designated Officer may consider a Restricted Person to be in severe financial hardship if he or she has a pressing financial commitment that cannot be satisfied otherwise than by selling or disposing of the relevant Securities of the Company.
- (b) A tax liability of a Restricted Person will not normally constitute severe financial hardship unless the Restricted Person has no other means of satisfying the liability.
- (c) A tax liability relating to Securities received under an employee incentive scheme, or such similar scheme or plan, will not normally constitute severe financial hardship or otherwise be considered an exceptional circumstance under paragraph 8 for the purpose of obtaining Prior Written Clearance to sell or otherwise dispose of Securities during a Closed Period.

8. What constitutes Other Exceptional Circumstances

- (a) For the purposes of paragraph 6(a), the Designated Officer may consider the proposed Dealing of the Company's Securities by a Restricted Person in accordance with:
- 1) a court order;
 - 2) a court enforceable undertaking; or
 - 3) some other overriding legal or regulatory requirement for the Restricted Person to do so,
- to be exceptional circumstances.
- (b) The Designated Officer may consider other circumstances to be exceptional circumstances for the purposes of paragraph 6(a), if the Designated Officer is satisfied that the proposed Dealing is the only reasonable course of action available to the Restricted Person.

9. Breach of Policy

- (a) In the event of a breach of this policy by a Restricted Person, a written warning shall be issued by the Chairman to the Restricted Person specifying the breach. A warning will be recorded against the Restricted Person unless the Restricted Person convinces the majority of the Board (excluding any Director being the subject of the breach) that a warning should not be given. For the avoidance of doubt, a breach of this policy by a spouse or a related party (as defined in the Corporations Act) of a Director, Employee or Contractor who is a Restricted Person will be treated as a breach of this policy by that Restricted Person for the purposes of this paragraph 9.
- (b) In the event of a Restricted Person receiving a second notice of breach, after a recorded warning, then, unless the Restricted Person convinces the majority of the Board (excluding any Director being the subject of the breach) that a second breach should not be recorded, then:
- 1) if the Restricted Person is a Director they will resign immediately from the Board of the Company or if such Director refuses to resign then, to the extent permitted by law, the Director's directorship will be terminated by the Board with immediate effect; or
 - 2) if the Restricted Person is an Employee they will resign immediately from the Company or if such Employee refuses to resign then, to the extent permitted by law, the Employee's employment will be terminated by the Company's Managing Director with immediate effect,

without any claim by the relevant Director or Employee, other than for unpaid but due fees or salary (as applicable) and other accrued entitlements up to the date of termination, including any documented out of pocket expenses.

Neither the Company nor the Restricted Person will publicly comment on the reasons for the resignation or termination under this paragraph 9, except as required by law.

10. Granting interests in Securities to Lenders

Without limiting any other provision of this policy, a Restricted Person must not enter into any Dealing or arrangement that provides lenders with rights over their interests in the Company's Securities without first obtaining the prior written consent of the Designated Officer.