

GIPPSLAND OFFSHORE PETROLEUM LIMITED (GOP)

Continuous Disclosure Policy and Procedures

1. INTRODUCTION

These guidelines provide a system for regularly gathering material information concerning the operations of GOP and its subsidiaries (the GOP Group) from persons involved in the management of the GOP Group, including Directors.

While non-executive Directors are bound by the ASX Listing Rules, the normal procedure where a Director may come into possession of what may be material information otherwise than in the course of Board proceedings they should consult the Company Secretary or Managing Director, who will arrange for appropriate action to be taken. Until the Managing Director decides otherwise, the senior Company Secretary is the Coordinator under this Policy. Information arising in the course of Board proceedings will be dealt with by the Company Secretary in accordance with these guidelines.

The purpose of these guidelines is to:

- ensure GOP, in a listed company environment, meets its continuous disclosure responsibilities under the Corporations Act and the Listing Rules of the Australian Stock Exchange Limited (ASX Listing Rules);
- ensure that GOP's Board is able to consider all relevant information and where appropriate, initiate disclosures, so that there is a fully informed market in respect of GOP's listed securities post-listing;
- provide GOP with an up to date database of material agreements.

2. CONTINUOUS DISCLOSURE REPORTING OBLIGATIONS

2.1 Sources of obligations

The sources of GOP's continuous disclosure obligations are:

- the ASX Listing Rules (particularly 3.1 and 3.1B); and
- the continuous disclosure provisions contained in the Corporations Act (in particular, section 674 Corporations Act).

2.2 Role and responsibilities of the ASX and ASIC

ASIC and the ASX jointly administer the continuous disclosure regime for disclosing entities listed in Australia. The ASX is responsible for administering the Listing Rules while ASIC is responsible for enforcing the Corporations Act.

2.3 ASX disclosure obligations

(a) ASX Listing Rule 3.1 and 3.1B

GOP must immediately notify the ASX of:

- 'any information of which GOP is or becomes aware, concerning GOP that a reasonable person would expect to have a material effect on the price or value of GOP's shares.'

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- The meanings of "material effect" and "aware" are set out in section 2.10.

In addition, when the ASX considers there is or is likely to be a false market, it may ask GOP to give it information to correct or prevent the false market.

(b) ASX Listing Rule 15.7

GOP must not release the abovementioned information to any person who is not bound to confidentiality about the information (eg analysts, institutional and other significant investors, or the media) until it has given the information to the ASX and has received an acknowledgment that the ASX has released the information to the market. See also the policy on disclosures in section 2.5 below.

2.4 Exceptions to ASX disclosure obligations

(a) Exceptions

ASX Listing Rule 3.1A says that disclosure under ASX Listing Rule 3.1 is not required where each of the following conditions is and remains satisfied:

- (i) a reasonable person would not expect the information to be disclosed; and
- (ii) the information is confidential and the ASX has not formed the view that the information has ceased to be confidential; and
- (iii) one or more of the following conditions apply:
 - (a) it would be a breach of a law to disclose the information;
 - (b) the information concerns an incomplete proposal or negotiation;
 - (c) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - (d) the information is generated for the internal management purposes of GOP; or
 - (e) the information is a trade secret.

As soon as any of these elements is no longer satisfied (for example the information is leaked or inappropriately discussed and therefore is no longer confidential), GOP must immediately comply with its continuous disclosure obligations. The obligation to disclose the information arises even though two of the above three requirements are still satisfied.

2.5 Announcements or Disclosures

As soon as possible after the ASX confirms an announcement, the announcement should be posted on GOP's website under the "Announcements" area of the Investor Relations page. This is a separate area from promotional material about GOP.

Only authorised spokespersons: the Chairman, Managing Director (or their delegates nominated for that purpose on a particular occasion), may speak on GOP's behalf. An authorised spokesperson must ensure that they are aware of the information that has been disclosed to the ASX before making any disclosure of price sensitive information.

Where practicable the Co-ordinator must be present when disclosure to persons outside GOP is made. The Co-ordinator must maintain a record of all disclosures made to the ASX.

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All requests for information by analysts, investors, media etc must be directed to the Co-ordinator. No one other than the Managing Director or Chairman is to speak to analysts investors or the media unless the Co-ordinator is present or has given authority to do so. This is to ensure that no selective disclosure occurs. All persons associated with GOP should treat information about GOP not available on its website as confidential.

Comments by an authorised spokesperson on market analysts' financial projections should be confined to errors in factual information and underlying assumptions. Any response which may suggest that GOP's or the market's current projections are incorrect should be avoided. Any change in expectations must be released to the ASX before commenting to anyone outside GOP.

Except at general meetings of the company, if a question by a person outside GOP can only be answered by disclosing unreleased price sensitive information, the question must not be answered or should be taken on notice. The information must be released to the ASX before responding. New information given in answer to questions at general meetings should be summarised as soon as possible in a release to ASX and posted on GOP's website.

Where practical the Co-ordinator should be informed in advance of any information proposed to be disclosed, including information to be presented at private briefings.

If an inadvertent disclosure by an authorised spokesperson or other person occurs, the Co-ordinator must be notified immediately. If the disclosed information is price sensitive it must be released to the ASX and then posted on GOP's website. If the information is not price sensitive it may nevertheless be preferable to post it on GOP's website in order that everyone has access to the same information.

Subsequent to briefings and discussions with analysts and others outside GOP, there should be a review process by those involved to ensure that no information had been inadvertently disclosed.

2.6 False Market

A false market could arise through a variety of circumstances, such as guesswork of media relating to information that is not yet disclosed because the exception rule under ASX Listing Rule 3.1A applies (e.g. information concerns an incomplete proposal or negotiation). If the comment is inaccurate or only partly accurate this may result in a false market.

If ASX considers that there is or is likely to be a false market, it will tell GOP and GOP must give the information that ASX asks for to correct or prevent the false market. In effect, GOP may be asked to confirm or deny matters that may be unfounded or still subject to negotiation.

GOP must disclose the information needed to correct or prevent a false market because it would, or would be likely to, influence persons who commonly invest in GOP deciding whether or not to buy, hold or sell.

2.7 Market speculation and rumours

Market speculation and rumours, whether substantiated or not, have the potential to impact on the share price.

GOP's general policy on responding to market speculation and rumours is that the company does not respond to market speculation or rumours (unless formally requested by the ASX).

However, the Company may wish to provide a response that corrects speculation if it contains factual errors that could materially impact the company.

2.8 Contravention

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If GOP does not notify the ASX of the information required to be disclosed by ASX Listing Rule 3.1 which is not generally available, it will have committed an offence under section 674 of the Corporations Act. Officers of GOP involved in the contravention may also have committed an offence

The concept of "generally available" information is discussed in section 2.10.

2.9 Consequences of contravention

(a) GOP's liability

If GOP contravenes its Australian continuous disclosure obligations, it may face:

- if the contravention is intentional or reckless - criminal liability with a fine of up to \$110,000; and
- if the contravention is intentional or reckless or negligent - a civil penalty of \$200,000 and/or civil liability for any loss or damage suffered by any person as a result of GOP's failure to disclose relevant information to the ASX.
- ASIC can also institute proceedings against GOP under ASIC Act 2001 and the Corporations Act section 1324. A further option for ASIC is to issue an infringement notice imposing a penalty.

(b) The liability of Directors, employees and advisers

GOP's directors, employees or advisers who are "involved" in the contravention by GOP, may also be made liable to civil penalties, subject to being able to show that they took all steps reasonable in the circumstances to ensure compliance by GOP. Individuals are also subject to imposition of penalties under an ASIC infringement notice.

(c) Compliance orders

The court has power under the Corporations Act to order GOP and its Directors to comply with the Listing Rules on the application of the ASX, ASIC or an aggrieved person (for example, GOP's shareholders (section 793C Corporations Act)).

2.10 Terminology

(a) "Aware" (ASX Listing Rule 19.12)

GOP becomes aware of information if a director or executive officer has, or ought reasonably to have, come into possession of the information in the course of performance of their duties as a director or executive officer of GOP.

(b) "Generally available information" (section 676 Corporations Act)

Information is generally available if:

- (i) it consists of a readily observable matter; or
- (ii) without limiting the generality of paragraph (1), both the following subparagraphs apply:
 - it 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 securities of a kind whose price or value might be affected by the information; and

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- since it was so made known, a reasonable period for it to be disseminated among such persons has elapsed; or

(iii) it consists of deductions, conclusions or inferences made or drawn from the information either or both of the following: a) information referred to in paragraph 1; b) information made known as mentioned in subparagraph 2(A).

(c) "Material effect" (section 677 Corporations Act)

Information has a material effect on the price or value of any of the classes of securities issued by GOP if the information would, or would be likely to, influence persons who commonly invest in such securities in deciding whether or not to subscribe for, or buy or sell, these securities.

2.11 Materiality thresholds

The following materiality thresholds have been developed to assist GOP to comply with its continuous disclosure obligations. The thresholds are divided into two categories:

- qualitative; and
- quantitative.

Materiality thresholds make it easier to identify matters that clearly do not require disclosure. However, it is important to remember that a matter may be disclosable even if it does not come within the following categories.

(a) Qualitative test

GOP must disclose any information that a reasonable person would expect to have a material effect on the price or value of any of the classes of securities issued by GOP.

Such information could include, but is not limited to, matters involving:

- (i) a significant change in the GOP's financial forecast or expectation (ASX Listing Rule 3.1) including changes likely to be consequent on changes in gold price, ore grade, or mine performance;
- (ii) changes in GOP's senior management or a proposal to change GOP's auditor;
- (iii) the appointment of a receiver, manager, liquidator or administrator in respect of any loan, trade credit, trade debt, borrowing or securities held by GOP Group (ASX Listing Rule 3.1);
- (iv) a recommendation or declaration of a dividend or distribution or a recommendation or decision that a dividend or distribution will not be declared (ASX Listing Rule 3.1);
- (v) an agreement between GOP and a director (or a related party of the director) (ASX Listing Rule 3.1);
- (vi) entry by any member of the GOP Group into a new tenement or the surrender of a tenement, or proposed acquisition or disposition of material assets to be announced by GOP, or joint venture partner;
- (vii) under or over subscription to an issue of securities (ASX Listing Rule 3.1);
- (viii) giving or receiving a notice of intention to make a takeover; and

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- (ix) any prosecutions or significant legal proceedings against GOP or its management.
- (x) A proposed material change to hedging policies;
- (xi) Natural disasters or accidents not necessarily directly affecting GOP assets but which have particular relevance to GOP.

(b) Quantitative test

The following matters may also require disclosure:

- (i) matters which may affect GOP's revenue in any one year by 10%* or more of the previous years' figures in real terms or forecasts if any given to the market;
- (ii) matters which may affect GOP's assets or liabilities by 10%* or more of the previous years' figures in real terms or forecasts if any given to the market;
- (iii) matters which may affect GOP's after tax profits in any one year by 10%* or more of the previous years' figures in real terms or forecasts if any given to the market;
- (iv) matters involving any claim against GOP or a company controlled by GOP exceeding 10%* of GOP's consolidated assets (before tax);
- (v) a transaction for which the amount payable or receivable is a significant proportion of the written down value of GOP's consolidated assets (normally, an amount of 10% or more would be significant, but a smaller amount may be significant in a particular case) (ASX Listing Rule 3.1);
- (vi) mine incidents that have potential to affect annual gold production by 10% or more; and
- (vii) drilling and ore driving results that in aggregate may reasonably potentially affect remaining ore reserves by 10% or more.

*A smaller amount may be significant in a particular case.

2.12 Examples of what does not need disclosure:

Documents such as GOP's corporate plan or similar internal working papers do not need to be disclosed. Nor do truly preliminary discussions with other parties about possible transactions. Information about such matters is insufficiently definite or merely a matter of supposition.

However if such documents or information are disclosed outside GOP except pursuant to formal confidentiality arrangements they will cease to be confidential so that disclosure must be made. It is therefore important that such documents or discussions are kept to a "need to know" basis so as to minimise the chances of an inadvertent disclosure.

3. REPORTING PROCESSES - OBLIGATIONS ON MANAGEMENT

3.1 Board disclosure

The Co-ordinator is responsible for ensuring that all Board decisions that must be disclosed are dealt with by an appropriate Company announcement.

Individual Directors (other than the Managing Director) will not often be aware of information other than that available to the Board as a whole that is not otherwise dealt with through these reporting

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processes. If a Director is in doubt about information they should discuss the matter with the Company Secretary or the Managing Director.

4. CONTINUOUS DISCLOSURE CO-ORDINATOR

4.1 Co-ordinator

The senior Company Secretary is the Co-ordinator.

4.2 Specific responsibilities

The responsibilities of the Co-ordinator are to:

- liaise with the ASX in relation to continuous disclosure issues;
- ensure that there is an adequate system in place for the disclosure of all material information to the ASX, analysts, brokers, shareholders, the media and the public in a timely fashion;
- review all proposed announcements by GOP to the ASX or delegate the approval of releases to other responsible company staff;
- liaise with the Chairman or Board of Directors as appropriate, in relation to the disclosure of information;
- prepare a regular disclosure report to the Board of GOP; and
- keep a list of relevant matters (including for example negotiations, internal matters and incomplete matters) in order to monitor disclosure.