



CS ENERGY PROCEDURE FOR
SHARE TRADING
CS-GOV-5

Responsible Officer: Risk & Assurance Manager

Approved : General Manager Corporate Services

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1. Purpose

This procedure provides guidance to Directors and Officers on the process for managing potential or perceived conflicts of interest when buying or selling shares. See Procedure CS-GOV-4 “Pecuniary Interest, Conflicts of Interest & Protected Disclosure” for detailed policies on conflicts of interest generally.

Directors and Officers of CS Energy cannot deal in shares when they have access to price sensitive information about listed entities, which is not available to the public at the time of the dealing. Trading in shares in these circumstances constitutes insider trading under the Corporations Act and is illegal.

2. Scope

The procedure applies to Directors, Officers and Associated Persons of CS Energy and covers activity associated with buying or selling listed Securities.

3. Definitions

Associated Persons – means Directors and Officers acting through nominees, agents, or other associates, and may include family members, family trusts and family companies

Corporations Act – means the Corporations Act 2001 (Commonwealth).

Director – means a director of CS Energy Limited appointed as a director of the company under the Government Owned Corporations Act 1993 (Qld).

Inside Information – means information that is not generally available to the public, and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of particular Securities (section 1042A Corporations Act).

Insider Trading – means the offence under section 1043A of the Corporations Act, which prohibits persons with Inside Information dealing in Securities. The offence occurs if a person deals in Securities where the person possesses Inside Information and knows, or ought reasonably to know, that information that is not generally available to the public, and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of the Securities. The penalty for a person found guilty of insider trading is a fine and/or imprisonment.

Securities – are shares or other financial instruments.

Officer – means any employee of CS Energy, whether permanent casual or contract.

4. Legal responsibilities and insider trading prohibitions

Directors and Officers may not, if they possess Inside Information about a company:

- (a) Apply for, acquire or dispose of any Securities of the company;
- (b) Arrange for trades to be made on their behalf through Associated Persons; or
- (c) Communicate information to others who might gain advantage from it.

Directors may remain exposed to Insider Trading restrictions for a period after they retire from the board.

Additional restrictions also apply to unlisted entities – in particular, Directors with a material personal interest in any matter under discussion by the CS Energy Board must disclose that interest to the other Directors. (For example, a Director might have a “material personal interest” where the director owns shares in a third party contractor). Procedure CS-GOV-4 Pecuniary Interest, Conflict of Interests & Protected Disclosure sets out the reporting and disclosure obligations.

5. Holding and dealing in shares by Directors and Officers

5.1 Purpose of Procedure

To preserve the reputation and integrity of Directors and Officers individually and the management of the company, it is essential that share dealings are not only fair, but are seen to be fair. This outcome requires compliance with the procedures, systems, and protections that control the buying and selling of Securities and the timing of those transactions by Directors and Officers, so that they do not obtain an unfair advantage over other shareholders and the general public.

The purpose of this procedure is to ensure so far as possible that Directors and Officers:

- (a) Do not have financial interests in service providers of CS Energy that may conflict with, the interests of CS Energy; and
- (b) Comply with the law in relation to Insider Trading.

Directors and Officers of CS Energy must not trade in Securities of any listed entity, or any entity which is about to be listed, if Inside Information about the entity comes to the attention of the Director or Officer by virtue of holding office as a Director or Officer of CS Energy.

The buying or selling of Securities in any circumstances where the Director or Officer holds information about the company which is not generally available to the market carries a significant risk of breaching the Insider Trading provisions – there will not however be a breach if the information is not price sensitive.

5.2 Contracts and Proposed Contracts with listed entities

Where CS Energy is considering entering into a contract with a listed entity, generally:

- (a) No Director, and no Officer who is aware that a relationship is under consideration, should acquire Securities in that entity; and
- (b) Any Director or Officer who already owns Securities in that entity must comply with the disclosure obligations of CS-GOV-04.

This restriction applies to former Directors and Officers in respect of contracts, which were under consideration during their tenure.

This restriction ceases to apply when information about the contract becomes publicly available.

Where CS Energy has an existing contract with a listed entity, generally no Director or Officer should trade Securities in that entity (either acquire Securities, or sell Securities previously acquired).

An exception to the above position is that trading is permitted, for Securities of a listed entity which has a contract with CS Energy or where a contract is under consideration, in circumstances where the contract:

- (a) Is in the ordinary course of CS Energy's business and the other entity's business, and
- (b) There is no real conflict with CS Energy's interests; and
- (c) The Director or Officer does not have price sensitive information about the other entity.

6. Uncertainty

Where a Director or Officer has any doubt about the appropriateness of trading in particular Securities because of a relationship or proposed relationship between CS Energy and that company, the matter should be discussed as follows before the Director or Officer conducts any trade:

- Chairman – Board of Directors;
- Board Member or Chief Executive – Chairman of the Board;
- Management Team – Chief Executive;
- Employee – General Manager to whom the employee reports.

The relevant confidant shall determine what further action is required (for example, consideration by the Board, or legal advice). It must be kept in mind that, while the Board or senior management can decide that a potential conflict of interest should not preclude the person from entering into a transaction, a transaction that would constitute Insider Trading cannot be permitted.

7. Training

The Company shall arrange annual training sessions for Officers on compliance issues including Insider Trading rules. These training sessions shall be notified to Directors who may elect to participate in the training.

8. Reference Documentation

Pecuniary Interest, Conflict of Interests and Protected Disclosure CS-GOV-4

Corporations Act 2001 (Commonwealth)

Government Owned Corporations Act 1993 (Qld)

9. Attachments

None.

10. Document History

| Issue Date | Nature of Changes |
|---------------|-------------------------|
| February 2007 | Original Issue |
| July 2007 | Review and legal advice |