

**TARGET ENERGY LIMITED**  
**ACN 119 160 360**

**Security Trading Policy – effective 6 September 2011**

**1. Introduction**

The employees, Company Secretary and Directors of Target Energy Limited (“TEX”) may have in their possession sensitive commercial information which could materially affect the value of TEX securities. The Corporations Act 2001(CA) prohibits insider trading in relation to financial products including securities. The provisions are wide ranging and breaches are serious offences.

This document:

- (a) provides an outline of the insider trading and other relevant provisions of the Corporations Act;
- (b) sets out the rules relating to dealings by employees, the Company Secretary and Directors in securities issued by TEX;

This policy is designed to assist in preventing breaches of the insider trading provisions of the Corporations Act. Ultimately it is the responsibility of each employee, Company Secretary and Director to ensure that none of their dealings could constitute insider trading.

**2. Insider Trading Prohibition**

**2.1 The Nature of the Prohibition**

Section 1043A (of Part 7.10, Division 3) of the Corporations Act makes it an offence for a person in possession of information that is not generally available but which, if generally available, might materially impact the price or value of a share to:

- trade in shares (i.e. apply for, acquire or dispose of, or enter into an agreement to do any of these things); or
- procure another person to trade in shares

collectively referred to as “deal in financial products”.

It is also an offence to “tip” the information to another person with the knowledge the person could deal in financial products. Accordingly the effect of this section cannot be avoided by simply getting another person to deal on your behalf.

**2.2 How You Become Aware of the Information is Irrelevant**

It is irrelevant how or in what capacity the person comes into possession of the information. This means that Section 1043A will apply to any employee or director who acquires “inside information” in relation to TEX shares or options, no matter in which capacity and is prohibited from dealing in those securities.

**2.3 Information Which Might Affect Price Value**

The prohibition referred to in this policy refers to unpublished information which, if generally available, might materially impact the price or value of TEX securities.

## 2.4 What Does Information Include?

“Information” includes matters of supposition or speculation and matters relating to the intentions or likely intentions of a person.

## 2.5 What Information Might Materially Affect Price or Value?

This means information that a reasonable person would expect to have a material effect on the price or value of TEX securities. A reasonable person would be taken to expect information to have a material effect on price or value if the information would be likely to influence persons who commonly invest in securities whether or not to do so.

Examples of this type of information which might affect the price or value of TEX securities include:

- drilling results
- proposed changes in capital structure;
- information relating to TEX’s financial results;
- a material acquisition, divestment or realisation of assets;
- proposed share issues;
- changes to the Board;
- possible events which could have a material impact on profits (negatively or positively) e.g, well flow rates;
- proposed changes in the nature of the business of TEX;
- notification to TEX of a substantial shareholding; and
- any information required to be announced to the market pursuant to Listing Rule 3.1.

## 2.6 What does “Unpublished” Mean?

“Unpublished” for this purpose means that the information is not generally available. Information is generally available if it consists of readily observable matter, or it has been disseminated in a manner likely to bring it to the attention of investors and a reasonable period has elapsed. TEX releases information to the market via the ASX announcements platform and an announcement becomes public information once ASX confirms that it has been released to the market.

ASX publishes information to the market by releasing TEX announcements through the Company Announcements Platform. All announcements are available on the ASX website.

## 2.7 Penalties

A breach of the insider trading provisions of the Corporations Act is a criminal offence and is punishable by a penalty of up to a fine of \$200,000 or imprisonment for up to 5 years or both.

In addition to the criminal penalties there is also civil liability which may be pursued by the ASIC for losses suffered by parties who trade in the securities without the insider information and possibly also the company the shares in which were the subject of the insider trading.

## 3. **Dealing In Securities Issued by TEX**

### 3.1 No Dealing Permitted During a Prohibited Period

Subject to this policy, employees, directors and company secretaries are permitted to deal in TEX securities throughout the year except during the periods identified below. In setting these

times, the Board is cognisant that at this stage TEX is not a trading entity but rather is in exploration and development mode. Accordingly the prescribed times for Prohibited Periods are relevant to its current state and these will be amended at the appropriate time to reflect the Company's transition to a trading operation.

In summary the Prohibited Periods, being those periods where trading is forbidden, are:

- (a) (i) from 1 September each year until the annual financials become public information;
  - (ii) from 1 March each year until the half yearly financials become public information; and
  - (iii) from the 15<sup>th</sup> of January, April, July and October each year until the quarterly cash flow statements in the form of Appendix 5B become public information, known as "Closed Periods"; and
- (b) such additional periods, during which an employee, Director or Company Secretary of TEX is prohibited from trading, as prescribed by TEX from time to time.

The period where dealing is permitted is called the Trading Period.

### 3.2 Prohibition on Dealing While in Possession of Relevant Information

Irrespective of the existence of a Prohibited Period or Trading Period dealing in TEX securities is subject to the prohibition that an employee, Company Secretary or Director must not deal in TEX securities at any time when they are in possession of unpublished information which, if generally available, might materially affect the price or value of those TEX securities i.e. insider trading.

### 3.3 Prohibition on Active Dealing

Dealing during a Trading Period is subject to the prohibition that an employee, Company Secretary and Director must not actively deal in TEX securities with a view to deriving profit related income from that activity.

"Actively Deal" for this purpose means to deal in TEX securities in a manner which involves frequent and regular trading activity.

### 3.4 Special Approval to Deal During a Prohibited Period

An employee, Director or Company Secretary who is not in possession of inside information in relation to TEX, may be given prior written clearance to sell or to otherwise dispose of TEX securities during a Prohibited Period where they are suffering severe financial hardship or there are other exceptional circumstances.

The Company considers that the following circumstances may constitute "exceptional circumstances":

- a tax liability where the person has no other means of satisfying the obligation;
- a court order, for example, orders or enforceable undertakings issued by the Family Court.

This list is not exhaustive and other circumstances will be assessed on their merits if and when they arise. The discretion will be applied taking into account the hardship of the employee,

Director or Company Secretary and weighing this against any perceived detriment to TEX's reputation.

Approval may be given by:

- the Managing Director or if absent, the Company Secretary, in their discretion to an employee to deal during a Prohibited Period;
- the Chairman, in his discretion, to a Director to deal during a Prohibited Period;
- the Chairman, in his discretion to the Managing Director to deal during a Prohibited Period;
- the Managing Director, in his discretion to the Chairman to deal during a Prohibited Period.

Any such approval must be obtained in writing in advance of any proposed trading. It cannot be given after the event. Approval must be in writing which includes electronic communications. Any approval will last for no more than 14 days from the date on which it is granted.

An employee, Director or Company Secretary seeking clearance to trade must satisfy the above officers they are in severe financial hardship or their circumstances are otherwise exceptional and the proposed sale or disposal of TEX securities is the only reasonable course of action available.

### 3.5 Confirmation of Dealing that has Occurred

An employee, Company Secretary or Director must provide confirmation of dealing in TEX securities to the Managing Director within 3 business days of the trade.

### 3.6 Notice of Change to Trading Period or Prohibited Period

The Prohibited or Closed Periods, as outlined in Rule 3.1, may be extended or shortened or another Prohibited Period may be introduced at any time by direction of the Managing Director or the Chairman. Notice of those changes will be advised on the Company's website.

A dealing during any such change remains subject to Rules 3.2 to 3.5.

### 3.8 Director Requirement to Report to the market – Listing Rule 3.19A

In accordance with the agreement between Directors and TEX, Directors are required to provide details of all changes to their interest in TEX securities registered in the name of the Director or held on behalf of the Director, directly or indirectly. The details must be provided as soon as reasonably possible after the date of the change and in any event no later than 3 business days after the change.

### 3.9 Prohibition on Dealing in Financial Products Issued Over TEX Securities by Third Parties

Employees, the Company Secretary and directors are not permitted to deal at any time in financial products such as warrants, futures or other financial products issued over TEX securities by third parties such as banks and other institutions traded on either ASX markets or any other market. An exception may apply where TEX securities form a component of a listed portfolio or index product.

### 3.10 Excluded Trading

The following trading or dealing is not subject to the operation of this trading policy:

- transfer of securities of TEX already held into a superannuation fund of which the employee, Director or Company Secretary is a beneficiary;
- an investment in, or trading in units of, a fund or other scheme where the assets of the fund or other scheme are invested at the discretion of a third party;
- where an employee, Director or Company Secretary is a trustee, trading in the securities of TEX by that trust provided:
  - (a) the employee, Director or Company Secretary is not a beneficiary of the trust; and
  - (b) any decision to trade during a Prohibited Period is taken by the other trustees or by the investment managers independently of the employee, Director or Company Secretary;
- 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 reinvestment plan or 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;
- 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 Prohibited Period and TEX has been in an exceptionally long Prohibited Period or TEX has had a number of consecutive Prohibited Periods and an employee, Director or Company Secretary could not reasonably have been expected to exercise it at a time when free to do so;
- trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out above and where:
  - the employee, Director or Company Secretary did not enter into the plan or amend the plan during a Prohibited Period;
  - the trading plan does not permit the employee, Director or Company Secretary to exercise any influence or discretion over how, when, or whether to trade; and
  - the employee, Director or Company Secretary is not permitted to cancel the trading plan during a Prohibited Period other than in exceptional circumstances.

#### 4. **Associates**

Unless specifically excluded in Rule 3.10, the restrictions on dealings by an employee, Company Secretary or Director are equally applicable to any dealings:

- (a) by their spouses or de facto spouses;
- (b) by or on behalf of any of their dependents under 18 years of age;
- (c) by a trustee of a trust of which any of:
  - (i) the employee, Director or Company Secretary; or
  - (ii) a person specified in paragraphs (a) or (b),is a trustee or beneficiary;
- (d) by a body corporate controlled by any of:
  - (i) the employee, Director or Company Secretary; or
  - (ii) a person specified in paragraphs (a) to (c) inclusive.

It is the duty of each employee, Company Secretary and Director to seek to avoid any such dealing at a time when they are prohibited from dealing.

**5. Employment and Monitoring of Compliance**

To promote understanding of the insider trading prohibition, related Corporations Act provisions and TEX policy, a copy of this document will be distributed to all employees, the Company Secretary and Directors. All new employees, the Company Secretary and Directors will receive a copy of this document with their employment or appointment letter.

**6. Conclusion**

Compliance with the rules set out in this document is mandatory. Infringement of the insider trading provisions attracts substantial penalties. Failure to comply with this policy could have a damaging impact on perception of TEX within the investment community.

Any employee, Company Secretary or Director who does not comply with the TEX Trading Policy will be considered to have engaged in serious misconduct which may result in the termination of their engagement by TEX.