

TARGET ENERGY LIMITED
ACN 119 160 360

Trading in Target Energy Limited Securities
Security Trading Policy – effective May 2010

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 the employee, Company Secretary and director to ensure that none of his or her 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 financial product to:

- trade in (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, financial products (collectively referred to as “deal in financial products”).

It is also an offence to “tip” the information to another person with the knowledge that 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 S 1043A will apply to any employee or director who acquires “inside information” in relation to TEX securities, 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The prohibition referred to in this policy refers to unpublished information which, if generally available, might materially impact the price or value of TEX securities.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. Target 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 www.asx.com.au/shareholder/ASXannouncements.

3. Dealing In Securities Issued by TEX

3.1 Prohibition on Dealing While in Possession of Relevant Information

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 he or she is in possession of unpublished, information which, if generally available, might materially affect the price or value of those TEX securities.

3.2 Prohibition on Active Dealing

Dealing 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.

3.3 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.

3.4 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 three business days after the change.

4. **Prohibition in 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.

5. **Associates**

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 dependent under 18 years of age; and
- (c) any other dealings in which, for the purposes of the Corporations Act, he or she is or is to be treated as interested. For example, if an employee, Company Secretary or director is a trustee of a trust and is also a beneficiary of the trust, the employee, Company Secretary or director must not trade in TEX securities on behalf of the trust without reference to this policy.

It is the duty of the employee, Company Secretary and director to seek to avoid any such dealing at a time when he or she is himself or herself prohibited from dealing.

7. **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.

8. **Conclusion**

Compliance with the rules set out in this document is mandatory. Infringement of the insider trading provisions can attract a substantial monetary penalty, imprisonment or both. 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 Dealing Rules set out in this document will be considered to have engaged in serious misconduct which may result in the termination of their engagement by TEX.