

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

**Security Trading Policy – effective 1 October 2013**

**1. Introduction**

The employees, Company Secretary and Directors of Target Energy Limited (“TEX”) and other people who are detailed below in paragraph 3 (“Restricted People” or “Restricted Person”) 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 Restricted People in securities issued by TEX;

This policy is designed to assist in preventing breaches of the insider trading provisions of the Corporations Act by Restricted People. Ultimately it is the responsibility of each Restricted Person 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 Restricted Person 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The prohibition referred to in this policy refers to unpublished information which, if generally available, might materially impact the price or value of TEX securities. Material effect” means it

would or would be likely to influence a person's decision to transact in 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 for an individual is punishable by a penalty of up to a fine of \$765,000 or a Court determined penalty, or imprisonment for up to 10 years, or both and for a body corporate is punishable by a penalty of up to a fine of \$7,650,000 or a Court determined penalty.

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 Restricted People

This policy applies to an employee, Company Secretary or Director of TEX or its subsidiaries, and:

- (a) their spouses or de facto spouses;
- (b) their dependents under 18 years of age;
- (c) an unlisted body corporate which the director, company secretary or employee controls or is director of;
- (d) a trust of which the director, company secretary or employee is a trustee and of which he or she or any of the people referred to above is a beneficiary; or
- (e) any other person over whom the director, company secretary or employee has significant influence or control.

It is the duty of the Restricted People to avoid dealing during Closed Periods.

### 3.2 Dealing During an Open Period

Any period which is not a Closed Period, is an Open Period. Subject to this policy and the prohibitions on insider trading set out in the Corporations Act, Restricted People are permitted to deal in TEX securities during an Open Period subject to obtaining prior written approval.

Approval may be given by at least two Approving Officers as follows:

- the Chairman, a Director and/or Managing Director, in respect of trading by a Restricted Person other than a Director or the associate of a Director;
- the Chairman and another Director, in respect of trading by the Managing Director, or an associate of a Managing Director;
- the Chairman, a Director and/or Managing Director, in respect of trading by another Director, or an associate of another Director;
- the Managing Director and another Director, in respect of trading by the Chairman or an associate of the Chairman.

Any such approval must be obtained in advance. It cannot be given after the event. Such approval will last for no more than 14 days from the date on which it is granted. Approval is only to be granted in writing in the form of a Securities Trading Request Form as has been adopted by the Board. Execution of the Securities Trading Request Form may be completed electronically. Executed Securities Trading Request Forms shall be kept in a register at the Company's registered office.

### 3.3 No Dealing Permitted During a Closed Period

Subject to this policy, in addition to the prohibitions on insider trading set out in the Corporations Act, Restricted People are not permitted to deal in TEX securities during Closed Periods, as 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 Closed 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 Closed Periods, being those periods where trading is forbidden, are:

- (a) (i) from 1 September each year until the third ASX trading day after the annual financials become public information;
- (ii) from 1 March each year until the third ASX trading day after 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 third ASX trading day after 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.

### 3.4 Prior Approval to Deal During a Closed Period

A Restricted Person 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 Closed Period under this trading policy where the Restricted Person is in 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 Restricted Person has no other means of satisfying the obligation; or
- a court order, such as may be 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 Restricted Person and weighing this against any perceived detriment to TEX’s reputation.

Approval may be given by at least two Approving Officers as follows:

- the Chairman, a Director and/or Managing Director, in respect of trading by a Restricted Person other than a Director or the associate of a Director to deal during the Closed Period;
- the Chairman and another Director, in respect of trading by the Managing Director, or an associate of a Managing Director to deal during the Closed Period;
- the Chairman, a Director and/or Managing Director, in respect of trading by another Director, or an associate of another Director to deal during the Closed Period;
- the Managing Director and another Director, in respect of trading by the Chairman or an associate of the Chairman to deal during the Closed Period.

Any such approval must be obtained in advance. It cannot be given after the event. Such approval will last for no more than 14 days from the date on which it is granted. Approval is only to be granted in writing in the form of a Securities Trading Request Form as has been adopted by the Board. Execution of the Securities Trading Request Form may be completed electronically. Executed Securities Trading Request Forms shall be kept in a register at the Company’s registered office.

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

Irrespective of the existence of a Closed Period or Open Period dealing in TEX securities is subject to the prohibition that a Restricted Person 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.

### 3.6 Prohibition on Active Dealing

Dealing during a Open Period is subject to the prohibition that a Restricted Person 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.

### 3.7 Confirmation of Dealing that has Occurred

A Restricted Person must provide confirmation of dealing in TEX securities to the Managing Director (or the Chairman if the Restricted Person is the Managing Director) within 3 business days of the trade.

### 3.8 Notice of Change to Open Period or Closed Period

The Closed Periods, as outlined in Rule 3.1, may be extended or shortened or another Closed 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 and a copy given to ASX Market Announcements platform.

### 3.9 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.

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

Restricted Persons 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.

### 3.11 Excluded Trading

The following trading or dealing in TEX securities is not subject to this trading policy and is permitted at all times during both Closed Periods and Open Periods.

- transfer of securities of TEX already held into a superannuation fund of which the Restricted Person is a beneficiary;
- an in-specie distribution of shares by a fund of which a Restricted Person is a member or a company of which a Restricted Person is a shareholder to a Restricted Person;
- 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 a Restricted Person is a trustee, trading in the securities of TEX by that trust provided:
  - (a) the Restricted Person is not a beneficiary of the trust; and
  - (b) any decision to trade during a Closed Period is taken by the other trustees or by the investment managers independently of the Restricted Person;
- 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;
- a disposal of TEX securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement.
  - 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 Closed Period and TEX has been in an exceptionally long Closed Period or TEX has had a number of consecutive Closed Periods and a Restricted Person 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 Restricted Person did not enter into the plan or amend the plan during a Closed Period;
    - the trading plan does not permit the Restricted Person to exercise any influence or discretion over how, when, or whether to trade; and
    - the Restricted Person is not permitted to cancel the trading plan during a Closed Period other than in exceptional circumstances.

A person who possesses Inside Information may be prohibited from trading even where the trading falls within an exception specified in this trading policy.

#### **4. 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.

#### **5. 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.