



ABN 88 153 229 086

Corporate Governance Policy Directors' and Officers' Share Trading Policy

Introduction

This policy is intended to apply to the following designated officers of Talon Petroleum Limited (**Talon Petroleum**) and their spouses and dependents, namely the Directors, CEO, Company Secretary, Financial Controller, any other officers having authority and responsibility for planning, directing and controlling the activities of Talon Petroleum and all other officers or employees who may have access to market sensitive information about Talon Petroleum that has not been released to the market (**Designated Persons**). The policy was adopted by the Board on 8 February 2013.

General Policy

1. In the interests of investor confidence, the law prohibits insider trading and this policy makes it clear that no trading in Talon Petroleum's securities is permitted by a Designated Person if it involves the use of insider information.
2. Insider information is information that is not generally available and if it were generally available it would be likely to materially affect the market price of a company's securities. The *Corporations Act* and the ASX Listing Rules also require disclosure of any trading in Talon Petroleum's securities that is undertaken by Directors or their related entities.
3. Trading or dealing (any buying or selling) in Talon Petroleum's securities (shares or options) or any financial products issued or created in respect of the securities (including derivatives) by any of the Designated Persons is prohibited during the following periods (each a **Closed Period**):
 - 3.1 from 1 February of each year until the first trading day after full year results are released to the market;
 - 3.2 from 1 August of each year until the first trading day after half year results are released to the market;
 - 3.3 at any time when Talon Petroleum is involved in a corporate transaction that could materially impact on its share price; or

- 3.4 at any other time when a Designated Person is aware of material market sensitive information in relation to Talon Petroleum's securities that has not been released to the market.
4. In addition to this prohibition, a Designated Person is not to procure or encourage others to trade in Talon Petroleum's securities during periods when the Designated Person is precluded from trading under this policy.

Excluded Trading

5. As contemplated by ASX Listing Rule 12.12.3 and ASX Guidance Note 27, the Board has determined that trading that occurs in the following circumstances is excluded from the scope of this policy:
 - 5.1 transfers of Talon Petroleum's securities already held in a superannuation fund or other savings scheme in which the Designated Person is a beneficiary;
 - 5.2 undertakings to accept a takeover offer;
 - 5.3 an investment made, or trading undertaken, by a fund or other scheme in which a Designated Person has invested where the assets of that fund or other scheme are invested at the discretion of a third party that is not controlled by the Designated Person (provided that the fund or other scheme does not invest solely in Talon Petroleum securities);
 - 5.4 trading under an offer or invitation made to all or almost all security holders of Talon Petroleum such as a rights issue or security purchase plan where the plan that determines the timing structure of the offer has been approved by the Board; and
 - 5.5 where a court order requires the securities be sold.

Exceptional Circumstances

6. A Designated Person other than the Chairman of the Board who is not in possession of inside information in relation to Talon Petroleum may be given prior written clearance to deal in Talon Petroleum securities during a Closed Period by the Chairman if the Chairman determines that:
 - 6.1 on the grounds of genuine severe financial hardship where a Designated Person has a pressing financial commitment that cannot be satisfied otherwise than by selling their Talon Petroleum securities during the Closed Period; or
 - 6.2 other exceptional circumstances mean that the Designated Person is subject to an overriding legal or regulatory requirement to sell their Talon Petroleum securities during the Closed Period.

The Designated Person seeking an exemption under this paragraph must notify the Company Secretary or Chairman by letter or email of the grounds upon which exceptional circumstances are sought. If clearance is subsequently granted by the Chairman for the purposes of this paragraph, the Designated Person will be notified

by letter or email from the Chairman or Company Secretary that trading is permitted and the period during which such trading will be permitted.

7. Paragraph 6 of this policy is also applicable to the Chairman of the Board, provided that the Chairman must seek prior written clearance for trading during a Closed Period from the CEO.

Disclosure of trading

8. When trading is permitted under paragraph 6, this trading must nonetheless be disclosed to the CEO prior to the transactions taking place.
9. Directors are not to trade in the Talon Petroleum's securities at any time without first advising the CEO or Company Secretary of their intention to do so. In the case of the Chairman and CEO, they must not trade in the Talon Petroleum's securities at any time without first advising the remainder of the Board and the Company Secretary of their intention to do so.
10. All Designated Persons must promptly advise the Company Secretary when trading in the Talon Petroleum securities held by them has occurred. If the Designated Person is a Director the Company Secretary will then notify the market on behalf of the Director by lodging the required form 3X, 3Y or 3Z within the required five business days after the date of trading.
11. The Company Secretary is to report any trading by Designated Persons to the Board at its next meeting after the trading has been reported to the Company Secretary. At the same meeting, the Company Secretary is to report to the Board on the steps, if any, which have been or are to be taken with respect to disclosure of the trading, in accordance with the ASX Listing Rules, the *Corporations Act* or any other relevant requirements. The Company Secretary is to undertake all such steps promptly as required by the law and the ASX Listing Rules.

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