



ASX Announcement

16 December 2015

Notice Of Meeting to Convertible Noteholders Fairway Update – Partial Sale

- Cash Offer received for Homar #1 well and associated tracts**

US-focused oil and gas producer, Target Energy Limited (“Target”) advises that it has scheduled a meeting of Noteholders to seek approval for the partial sale of its interests in its West Texas Fairway project.

A copy of the Notice of Meeting is provided pursuant to ASX Listing Rule 3.17.

Homar Sale

The Company, through TELA Garwood Limited LP (a wholly-owned subsidiary of Target Energy Limited), currently holds a 55.55556% Working Interest (WI) in the Homar #1 well and associated 100 acre tract and a 60% WI in the 160 acre Homar (Robb) Tract (the “Robb Tract”).

On 12 December 2015, the Company was advised by the Operator of the Fairway project that a cash offer of US\$1.16 million had been received for the purchase of a 100% Working Interest (WI) in the Homar #1 well and tract and in the undeveloped 160 acre Robb Tract - to be paid on the proposed closing date of 29 December 2015.

The Company’s expected share of these proceeds at closing, before costs, will be US\$651,555.60.

The offer also included a provision to pay additional consideration for those leases in the Robb Tract which the Operator, prior to 1 April 2016, can obtain an 18 month extension to the primary term of the lease. The final consideration received will be subject to the number of lease extensions actually obtained in the Robb Tract prior to 1 April 2016. If all extensions are obtained then a further US\$0.64million is due to be paid (on a 100% basis). The Company’s expected share of these proceeds, before costs, would be up to US\$0.384 million.

The sale will be subject to approval from the Company’s Convertible Noteholders.

Corporate information

ASX Code: TEX
OTCQX Code: TEXQY

Board of Directors

Chris Rowe, Chairman
Laurence Roe, Managing Director
Stephen Mann, Director

Rowan Caren, Company Secretary

ABN

73 119 160 360

Contact details

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NOTE: In accordance with ASX Listing Rules, any hydrocarbon reserves and/or drilling update information contained in this report is based on and fairly represents information and supporting documentation prepared by or under the supervision of Mr Laurence Roe, B Sc, Managing Director and an employee of Target Energy Limited, who is a member of the Society of Exploration Geophysicists and has over 30 years experience in the sector. He consents to the reporting of that information in the form and context in which it appears. Note also that Target reports a thermal equivalent when combining gas and oil production, where 1 BOE = 6 mcf.

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Table 1 indicates the proposed disposition of funds. Approximately US\$686,000 will be retained by the Operator to be applied to amounts currently outstanding. US\$401,556 will be applied immediately to the outstanding amounts with the balance to be applied as and when payments are received for lease extensions. The Company otherwise proposes to apply the balance of proceeds towards the Company's general working capital. It should be noted that the Company is yet to determine what costs may be associated with the lease extensions.

Disposition	Proposed Closing 29/12/2015	Lease Extensions prior to 1 April 2016
Sale Proceeds net to Target ¹	US\$651,556	Up to US\$384,000
Amount to be retained by Operator ²	-US\$401,556	-US\$286,000
Net amount available for Working Capital	US\$250,000	Up to US\$98,000

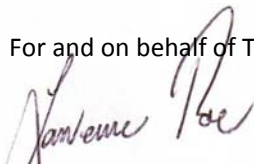
Table 1

Legal

In February 2015, Target announced that the Company's subsidiary TELA Garwood LP ("TELA Garwood") had filed a lawsuit in the District Court of Harris County (Houston), Texas against Victory Energy Corporation and Aurora Energy Partners ("Victory", "Aurora"). TELA Garwood subsequently filed a Motion For Summary Judgement, which was scheduled to be heard in early December, 2015 in the District Court of Harris County, Texas. The Motion has now been rescheduled for 5 February 2015.

ENDS

For and on behalf of TARGET ENERGY LIMITED



Managing Director

¹ Estimated amount, before costs

² Amount outstanding to Operator as of 31 October 2015 Joint Interest Billing Statement

TARGET ENERGY LIMITED

ABN 73 119 160 360

Notice of Meeting of Noteholders and Explanatory Statement

Meeting of Noteholders to be held at 10.00am (WST) on 29 December 2015 at
Suite 5, 6 Richardson Street, West Perth, Western Australia

This Notice of Meeting of Noteholders and Explanatory Statement is important and should be read in its entirety.

Noteholders in doubt as to how they should vote should seek advice from their professional advisers.

If you are unable to attend the Meeting, please complete the proxy form.



Notice of Meeting of Noteholders

Notice is given that a meeting of Noteholders of Target Energy Limited will be held at 10.00am (WST) on 29 December 2015 at:

Suite 5, 6 Richardson Street, West Perth, Western Australia.

The Explanatory Statement which forms part of this Notice of Meeting of Noteholders describes the various matters to be considered. Noteholders are asked to refer to the Glossary at the end of the Explanatory Statement which contains definitions of the terminology used in this Notice of Meeting of Noteholders and the Explanatory Statement.

Business of the General Meeting

Resolution 1: Approval to dispose of the Company's interest in the Homar #1 well and associated leases in the Fairway Project

To consider and, if thought fit, to pass, the following resolution as a **special resolution**:

"That, for the purposes of clauses 7.4(e) and 9.14(a) of the Security Trust Deed and for all other purposes, Noteholders approve the disposal by the Company of its interests in the Homar #1 well and associated leases in Howard County (Homar Sale), release the Homar #1 well and leases from the security documents securing repayment of the Convertible Notes and sanction and allow the Security Trustee to make such consequential amendments or variations to the Transaction Documents as are necessary to complete the Proposed Sale."

Voting Entitlements

In accordance with clause 9.11 of the Security Trust Deed, a Noteholder will be entitled to vote at the Meeting if that Noteholder is recorded on the Register at 10.00am (WST) on 27 December 2015 and shall be taken to hold those Convertible Notes and will be entitled to vote those Convertible Notes at the Meeting.

Proxies

To vote by proxy, please complete and sign the enclosed proxy form and return by the time and in accordance with the instructions set out on the proxy form.

Please note that:

- (a) a Noteholder entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a Noteholder; and
- (c) a Noteholder may appoint not more than two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

In accordance with clause 9.12(d) of the Security Trust Deed, all completed proxy forms (including any supporting materials) must be received by the Company at its share registry at the address or facsimile number set out in the proxy form before 10.00am (WST) on 27

December 2015. Any proxy form (including any supporting materials) received after this time will not be valid.

Corporate Representative

Any corporate Noteholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter authorising him or her to act as that Noteholder's representative. The authority may be sent to the Company and/or the Security Trustee in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

Enquiries

Noteholders who have any queries relating to this Notice of Meeting of Noteholders and the accompanying documents should contact the Company Secretary, Rowan Caren on +61 (08) 9476 9000.

By order of the Board of Directors

Rowan Caren

Company Secretary

Target Energy Limited

Dated: 15 December 2015

Explanatory Statement

The purpose of this Explanatory Statement is to provide Noteholders with all information known to the Company which is material to a decision on how to vote on the Resolution. This Explanatory Statement should be read in conjunction with the Notice of Meeting of Noteholders. Noteholders are asked to refer to the Glossary at the end of the Explanatory Statement which contains definitions of the terminology used.

1. Resolution 1 – Approval to dispose of Company’s interest in the Homar #1 well and leases in the Fairway Project

1.1 Background

As at the date of this Notice of Meeting, the Company has 119,422,000 Convertible Notes on issue (each with a face value of \$0.05, convertible into one Share, a maturity date of 31 March 2017 and a first ranking security interest over all equity ownership interests in TELA Garwood Limited, LP, a wholly owned subsidiary of the Company). The security includes a restriction on TELA Garwood Limited, LP selling, assigning or transferring its interests in any of its mineral properties (the **Secured Assets**), which include the Fairway Project.

The Convertible Notes are secured by the Security Documents entered into by the Company and the Security Trustee as trustee for the Noteholders, dated 25 February 2014. The full security will be extinguished when the Convertible Notes are converted or repaid in full.

On 25 February 2014, the Company and the Security Trustee entered into the Security Trust Deed pursuant to which the Security Trustee agreed to hold all right, title and interest in, to and under the Security Documents on trust for the Noteholders.

A summary of the terms of the Convertible Notes is set out in Annexure 1 of this Notice of Meeting.

1.2 Proposed disposal of Homar #1 well and tracts

The Company, through TELA Garwood Limited LP (a wholly-owned subsidiary of Target Energy Limited), currently holds a 55.555556% Working Interest (WI) in the Homar #1 well and associated 100 acre tract and a 60% WI in the 160 acre Homar (Robb) Tract (the “Robb Tract”).

On 12 December 2015, the Company was advised by the Operator of the Fairway project that a cash offer of US\$1.0 million had been received for the purchase of a 100% WI in the Homar #1 well and tract, an offer equivalent to US\$10,000/acre. In addition, a cash offer of US\$0.16 million for a 100% WI in the undeveloped 160 acre Robb Tract was received, equivalent to US\$1,000/acre. The aggregate offer totals US\$1.16m cash for a 100% WI, to be paid on the proposed closing date of 29 December 2015. The Company’s expected share of these proceeds at closing, before costs, will be US\$651,555.60.

In addition, the offer includes a provision to pay a further US\$4,000 per net mineral acre for leases in the Robb Tract for which the Operator, prior to 1 April 2016, can obtain an 18 month extension to the primary term of the lease. Such payments are to be made within 5 business days after the buyer receives documentation attesting to an extension. Subject to the number of lease extensions actually obtained in the Robb Tract prior to 1 April 2016, if all extensions are obtained up to a further US\$0.64million could be paid

(on a 100% basis). The Company's expected share of these proceeds, before costs, would be up to US\$0.384 million.

The Terms and Conditions of the February 2014 Convertible Notes (Section 3.3c) permit the Company to farmout up to half of its Working Interest in the Homar #1 well and all of the associated tracts. The Company now seeks Noteholder approval to divest all of its working interest in the Homar #1 well and the associated Homar and Robb tracts.

Subject to Noteholder approval, the Board has resolved to accept the offer and proceed with the sale of the Homar well and tract and the Robb tract (together, the Proposed Homar Sale).

Table 1 indicates the proposed disposition of funds. Approximately US\$686,000 will be retained by the Operator to be applied to amounts currently outstanding. US\$401,556 will be applied immediately to the outstanding amounts with the balance to be applied as and when payments are received for lease extensions. The Company otherwise proposes to apply the balance of proceeds towards the Company's general working capital. It should be noted that the Company is yet to determine what costs may be associated with the lease extensions.

Disposition	Proposed Closing 29 December 2015	Lease Extensions prior to 1 April 2016
Sale Proceeds net to Target ¹	US\$651,556	Up to US\$384,000
Amount to be retained by Operator ²	-US\$401,556	-US\$286,000
Net amount available for Working Capital	US\$250,000	Up to US\$98,000

Table 1

1.3 Effect of the Resolution on Noteholders

The Proposed Homar Sale, will impact the Noteholders' security over the Fairway Project.

The sale will reduce the number of producing wells in which the Company has an interest from 15 to 14 and will reduce the Company's lease-holdings held by production by 55.55 net acres and undeveloped lease-holdings by 96 net acres.

Accordingly, subject to Noteholder approval under this Resolution, following closing of the transaction, the Convertible Notes will be secured by a charge over the Company's interests in the remaining 14 producing wells and up to 2,157 net acres rather than in 15 wells and up to 2,309 net acres. In the event that the Company defaults under the terms of the Convertible Notes, the Security Trustee, on behalf of the Noteholders, can only enforce the security over the Company's interests in 14 producing wells and up to 2,157 net acres (i.e. 1,012 net acres presently held by production and up to 1,145 net undeveloped acres).

Noteholders should be aware that if the resolution is passed, the Security Trustee will be authorised to make such consequential amendments or variations to the Transaction Documents as are necessary to complete the Proposed Homar Sale.

It should also be noted that if Noteholders do not approve this Resolution 1, the Company will not participate in the Proposed Homar Sale and the Convertible Notes will

¹ Estimated amount, before costs

² Amount outstanding to Operator as of 31 October 2015 Joint Interest Billing Statement

remain secured by the Company's interest in 15 wells and up to 2,309 net acres (1,068 net acres presently held by production and up to 1,241 net undeveloped acres). Note that some of the undeveloped acreage remains subject to completion of lease extensions.

This meeting has been convened at the request of the Company.

1.4 Noteholder approval

Clause 7.4(e) of the Security Trust Deed provides that the Security Trustee must, if so instructed by the Noteholders by way of a special resolution, release or discharge:

- (a) any specified security document in full; or
- (b) all or any specified assets from any specified security document,

but must not release or discharge security documents unless required by law or by the express provisions of a specified transaction document to do so.

Under clause 9.14(a) of the Security Trust Deed, Noteholders have the power, by special resolution to, amongst other things, sanction any modification or compromise or arrangement in respect of the rights of Noteholders against the Company and to sanction or allow the Security Trustee to amend or vary a Transaction Document.

Resolution 1 seeks Noteholder approval for the Company to dispose of its 55.555556% working interest in the Homar #1 well and tract and to dispose of its 60% working interest in the Homar (Robb) tract in the Fairway Project and thereby release corresponding Working Interests in the Fairway Project from the security documents and a corresponding modification to the Noteholders' right to enforce the security securing the Convertible Notes against the Company's working interest in the Fairway Project. The Resolution also seeks Noteholder approval to sanction and allow the Security Trustee to make such consequential amendments or variations to the Transaction Documents as are necessary to give effect to the Proposed Sale.

1.5 Directors' recommendation

Chris Rowe, a Director of the Company, holds an interest in Convertible Notes.

The Directors, other than Chris Rowe who has a material personal interest in the Resolution, recommend that Noteholders vote in favour of the Resolution.

Glossary

In this Notice of Meeting, the following terms have the following meaning unless the context otherwise requires:

Annexure means an annexure to this Explanatory Statement.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of Directors of the Company.

CARD means the Confirmation of Allocation & Registration Details form executed by a Noteholder, pursuant to which the Noteholder agreed to subscribe for Convertible Notes and to be bound by the Terms and Conditions.

Certificates has the meaning given in the Terms and Conditions.

Chair means the chair of the Meeting.

Company or **Target** means Target Energy Limited (ACN 119 160 360).

Convertible Note means the convertible notes having the terms and conditions set out in Annexure 1.

Convertible Note Deed Poll means the deed poll for the issue of up to 120,000,000 Convertible Notes with a face value of \$0.05 each to raise up to \$6,000,000 dated on or about 24 February 2014 entered into by the Company in favour of the Noteholders.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Fairway Project means the petroleum project known as 'Fairway' located in Howard County and Glasscock County, Texas, USA.

Meeting means the meeting convened by this Notice of Meeting.

Noteholder means the holder of a Convertible Note.

Notice or **Notice of Meeting** means this notice of meeting of Noteholders including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share with the terms and conditions set out in Annexure 1.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Resolution means the resolution set out in the Notice.

Security Documents means:

- (a) the Guaranty Agreement between TELA Garwood Limited, LP and the Security Trustee for the benefit of the Noteholders dated on or about 24 February 2014;
- (b) the Guaranty Agreement between TELA Texas General, LLC and the Security Trustee for the benefit of the Noteholders dated on or about 24 February 2014;

- (c) the Guaranty Agreement between TELA Texas Limited, LLC and the Security Trustee for the benefit of the Noteholders dated on or about 24 February 2014
- (d) the Pledge and Security Agreement between TELA Texas General, LLC and the Security Trustee for the benefit of the Noteholders dated on or about 24 February 2014;
- (e) the UCC-1 Financing Statement with TELA Texas General, LLC as debtor and the Security Trustee as secured party (filed with the Delaware Secretary of State);
- (f) the Pledge and Security Agreement between TELA Texas Limited, LLC and the Security Trustee for the benefit of the Noteholders dated on or about 24 February 2014;
- (g) the UCC-1 Financing Statement with TELA Texas Limited, LLC as debtor and the Security Trustee as secured party (filed with the Delaware Secretary of State);
- (h) the Negative Pledge Agreement between TELA Garwood Limited, LP and the Security Trustee for the benefit of the Noteholders dated on or about 24 February 2014;
- (i) the Resolutions by the Written Consent of the Sole Member of TELA Texas General LLC dated on or about 24 February 2014 executed by TELA Texas Holdings Limited, Inc.; and
- (j) the Resolutions by the Written Consent of the Sole Member of TELA Texas Limited LLC dated on or about 24 February 2014 executed by TELA Texas Holdings Limited, Inc.

Security Trust Deed means the Security Trust Deed dated 25 February 2014 between the Company, the Security Trustee, TELA Garwood Limited, LP, TELA Texas Limited, LC and TELA Texas General LLC.

Security Trustee means Anquan SPV2015AUG Pty Ltd.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Terms and Conditions means the terms and conditions of the Convertible Notes as set out in the annexure to the CARD.

Transaction Documents means:

- (a) the Security Trust Deed;
- (b) the CARD;
- (c) the Terms and Conditions;
- (d) the Certificates;
- (e) the Convertible Note Deed Poll; and
- (f) the Security Documents.

WST means Western Standard Time as observed in Perth, Western Australia.

ANNEXURE 1 – CONVERTIBLE NOTE TERMS

SERIES 1

Maturity Date	31 March 2017
Coupon Rate	10% p.a.
Interest Paid	Quarterly in arrears.
Face Value	Each Convertible Note has a face value of \$0.05.
Listing	The Company will not apply for quotation of the Convertible Notes.
Security	The Convertible Notes will be secured by a charge over the Company's interest in the Fairway Project under the terms of a specific security deed entered into by the Company and a security trustee as trustee for the Noteholders, dated 25 February 2014. The full security will be extinguished when the Convertible Notes are converted or repaid in full.
Conversion	A Convertible Note can be converted by the Noteholder at any time after the date that is 6 months after the issue date and before the Maturity Date. Shares issued on conversion will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
Conversion Ratio	Each note converts into 1 fully paid ordinary share in the Company.
Early Redemption	The Company may redeem some or all of the Convertible Notes prior to the Maturity Date by giving the Noteholder not less than 20 business days notice of redemption. During the notice period, the Noteholder may exercise the right to convert their Convertible Notes into Shares.
Early Redemption Penalty	If a Convertible Note is redeemed before the Maturity Date, the Company will issue to the Noteholder one Option for each Convertible Note redeemed. Each Option is exercisable at \$0.08 on or before the Maturity Date.
No Voting Rights	A Convertible Note does not entitle the Noteholder to vote at Shareholder meetings of the Company.
Transferable	The Convertible Notes are transferable, subject to the transferee being a sophisticated investor, professional investor, or overseas investor who satisfies the Company that it complies with any and all legal requirements of the relevant jurisdiction in which the offer to transfer is made.
Reconstruction	If, prior to conversion or redemption of the Convertible Notes, a reduction, repayment by way of reduction, consolidation or division, return, scheme of arrangement, or otherwise, of the issued capital of the Company occurs, the entitlement of the Noteholder to convert the Convertible Notes and the Conversion Ratio must be reconstructed in the same proportion and manner as that approved reconstruction of capital (and subject to the same provisions, if any, for the rounding of entitlements) so that the value of each Convertible Note is not adversely

affected by the relevant occurrence and the Noteholder is not conferred with any additional benefits which are not also conferred on Shareholders.

Participation

If the Company issues bonus securities to Shareholders any time subsequent to the issue of the Convertible Note to a Noteholder and prior to the date of conversion, the Company will issue to the Noteholder, on conversion, the same class and number of bonus securities to which the Noteholder would have been entitled to as if the conversion had already occurred, subject to the Listing Rules and any necessary Shareholder approvals.

Option Terms

An Option issued as part of the early repayment penalty will be issued on the following terms:

- (i) each Option entitled the holder to subscribe for 1 fully paid ordinary share upon exercise of the Option;
- (ii) subject to paragraph (x), the amount payable on exercise of each Option will be \$0.08 per Option (**Exercise Price**);
- (iii) each Option will expire at 5:00pm (WST) on 31 March 2017 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date;
- (iv) the Options are exercisable at any time on or from the redemption date until the Expiry Date (**Exercise Period**);
- (v) the Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company;
- (vi) a Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**);
- (vii) within 15 Business Days after the later of the following:
 - (A) the Exercise Date; and
 - (B) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:
 - (C) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (D) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section

708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (E) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under paragraph (vii)(D) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

- (viii) Shares issued on exercise of the Options will rank equally in all respects with other fully paid ordinary shares in the Company;
- (ix) if admitted to the official list of ASX at the time, the Company will apply for quotation of the Shares issued upon the exercise of Options;
- (x) if at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction;
- (xi) there are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options;
- (xii) an Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised;
- (xiii) the Company will not apply for quotation of the Options on ASX.
- (xiv) the Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws; and
- (xv) despite any other term, the Options may not be exercised if such exercise would cause the holder to breach the Corporations Act or the ASX Listing Rules (including, without limitation, Chapter 6 of the Corporations Act).

PROXY FORM

TARGET ENERGY LIMITED
ACN 119 160 360

MEETING OF NOTEHOLDERS

I/We

of:

being a Noteholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given as the proxy sees fit, at the Meeting to be held at 10am (WST), on 29 December 2015 at Suite 5, 6 Richardson Street West Perth WA 6005, and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of the Resolution.

Voting on business of the Meeting	FOR	AGAINST	ABSTAIN
Resolution 1 Approval to dispose of Homar #1 well and tracts in Fairway Project	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Noteholder(s):

Individual or Noteholder 1

Sole Director/Company Secretary

Noteholder 2

Director

Noteholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail: YES NO

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a proxy):** A Noteholder entitled to attend and cast a vote at the Meeting is entitled to appoint more than two persons as the Noteholder's proxy or proxies to attend and vote on their behalf at the Meeting. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Noteholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Noteholder appoints 2 proxies and the appointments do not specify the proportion or number of the Noteholder votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Noteholder.
2. **(Direction to vote):** A Noteholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Convertible Notes next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Noteholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Noteholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Noteholder from attending the Meeting in person if they wish. Where a Noteholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Noteholder is suspended while the Noteholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Target Energy Limited, at PO Box 140, West Perth WA 6872; or
 - (b) facsimile to Target Energy Limited on +61 8 9476 9099.

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.