

## **Notice of Meeting of Noteholders and Explanatory Statement**

Meeting of Noteholders to be held at 10.00am (WST) on 28 May 2014 at  
255 Hay Street, Subiaco, 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 enclosed and return it in  
accordance with the instructions set out on that form.

## **Notice of Meeting of Noteholders**

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Notice is given that a meeting of Noteholders of Target Energy Limited will be held at 10.00am (WST) on 28 May 2014 at

255 Hay Street, Subiaco, 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**

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### **Resolution 1: Approval to dispose of 10% interest in 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 a 10% working interest (and associated 7.5% net revenue interest) in the Fairway Project (**Proposed Sale**), release the 10% working interest in the Fairway Project 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 26 May 2014 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 26 May 2014. Any proxy form (including any supporting materials) received after this time will not be valid.

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## **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**

A handwritten signature in black ink, appearing to be 'RC', written over a faint circular stamp or watermark.

**Rowan Caren**  
Company Secretary  
Target Energy Limited  
Dated: 14 May 2014

## Explanatory Statement

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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.

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### 1. Resolution 1 – Approval to dispose of 10% interest in Fairway Project

#### 1.1 Background

On 26 February 2014, the Company announced to ASX a placement of a total of 120,000,000 Convertible Notes to sophisticated and professional investors and certain overseas investors, each with a face value of \$0.05 raising gross funds of \$6,000,000. The placement was undertaken in two tranches as follows:

- (a) a placement of 66,000,000 Convertible Notes with a face value of \$0.05 per Convertible Note to raise \$3,300,000 (**Tranche 1**), which was completed on 7 March 2014; and
- (b) a placement of 54,000,000 Convertible Notes with a face value of \$0.05 per Convertible Note to raise \$2,700,000 (**Tranche 2**), which was completed on 14 April 2014.

Shareholder approval for the ratification of the issue of Tranche 1 Convertible Notes and approval to issue the Tranche 2 Convertible Notes was obtained at a general meeting of Shareholders held on 4 April 2014 (**General Meeting**).

The Convertible Notes are 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 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 documents granting security over the Fairway Project 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 10% working interest in Fairway Project

The Company currently holds a 60% working interest in the Fairway Project (in all but one tract, in which the Company holds a 45% working interest).

On 8 May 2014, the Company announced that it had entered into a letter of intent with Victory Energy Corporation (**Victory**), a managing member of Aurora Energy Partners LLC (**Aurora**) pursuant to which the Company has agreed to sell, and Victory has agreed to

purchase, a 10% working interest in the Fairway Project which is held by the Company's wholly-owned subsidiary TELA Garwood Limited, LP (**Letter of Intent**). The sale will be to Aurora, which is a related party of Victory.

The material terms of the Letter of Intent are as follows:

- (a) (**Conditions Precedent**): The Letter of Intent is conditional upon the satisfaction (or waiver) of the following conditions precedent on or before 15 July 2014:
  - (i) Victory undertaking due diligence on the Fairway Project (to its sole satisfaction);
  - (ii) The approval of Target's financial relationships, which includes obtaining the approval of the Noteholders;
  - (iii) Victory obtaining final management approval based on satisfactory due diligence results; and
  - (iv) Execution of a definitive purchase and sale agreement.
- (b) (**Consideration**): Victory shall pay to TELA Garwood Limited, LP cash consideration of US\$5,985,059, which amount may be adjusted if BOA North #4, currently being completed, is not a producing Fusselman well.
- (c) (**Settlement**): Settlement may be completed in two tranches with over 70% of the funding to occur on or before 5 June 2014 and the balance by no later than 30 June 2014. Title to the 10% working interest in the Fairway Project shall be held in escrow until the consideration has been paid in full.
- (d) (**Termination**): Either party may terminate the Letter of Intent if completion of the transactions contemplated by the Letter of Intent has not occurred by close of business on 15 July 2014.

Following completion of the definitive purchase and sale agreement contemplated by the Letter of Intent, the Company will retain a 50% working interest in the Fairway Project (in all but one tract, in which the Company will hold a 35% working interest).

### 1.3 Effect of the Resolution on Noteholders

The proposed sale of a 10% working interest in the Fairway Project (**Proposed Sale**), will impact the Noteholders' security over the Fairway Project.

The Proposed Sale will result in a reduction in the assets securing the Convertible Notes. Accordingly, subject to Noteholder approval under this Resolution, following completion of the definitive purchase and sale agreement contemplated by the Letter of Intent, the Convertible Notes will be secured by a charge over the Company's remaining 50% working interest in the Fairway Project (in all but one tract, in which the Company will hold a 35% working interest), rather than by the 60% working interest in the Fairway Project (in all but one tract, in which the Company holds a 45% working interest) which the Company currently holds.

The effect of the Proposed Sale is that, 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 50% working interest in the Fairway Project (in all but one tract, in which the Company will hold a 35% working interest).

Noteholders should be aware that if Resolution 1 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 Sale.

It should also be noted that if Noteholders do not approve this Resolution 1, the Proposed Sale will not go ahead and Convertible Notes will remain secured by a 60% working interest in the Fairway Project (in all but one tract, in which the Company holds a 45% working interest). If this occurs, the Company may need to source alternative opportunities or methods of funding continued drilling and production activities on the Fairway Project.

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

#### **1.4 Partial Redemption Offer**

The Company will make an offer to each Noteholder pursuant to which the Noteholder is entitled to redeem up to 1/6<sup>th</sup> of the face value of the Convertible Notes it holds (**Partial Redemption Offer**).

The Partial Redemption Offer will only be made if Resolution 1 is passed and following settlement of the Proposed Sale pursuant to the definitive purchase and sale agreement contemplated by the Letter of Intent.

The Partial Redemption Offer is not an "Early Redemption" in accordance with clause 8.1 of the terms of the Convertible Notes. However, the Company will comply, to the extent practicable, with the terms of the Convertible Notes as though the Partial Redemption Offer was an "Early Redemption", and as such the Company will issue Options to those Noteholders who accept the Partial Redemption Offer in accordance with the terms set out in Annexure 1. The Company will issue one Option for each Convertible Note redeemed.

Furthermore, after receiving a Partial Redemption Offer, a Noteholder may give the Company a conversion notice pursuant to which the Noteholder may convert some or all of its Convertible Notes, the subject of the Partial Redemption Offer, into Shares. Any Shares issued on conversion of Convertible Notes will rank equally with the Company's existing Shares on issue.

The "Early Redemption" provisions contained in the terms and conditions of the Convertible Notes require that an "Early Redemption" may only be made for a minimum amount of \$10,000 and in integral multiples of \$10,000. However, given the Partial Redemption Offer is not an "Early Redemption" and due to the relatively small size of the Partial Redemption Offer, the Company will waive the requirement that a redemption may only be made for a minimum amount of \$10,000 and in integral multiples of \$10,000. Accordingly, a redemption pursuant to the Partial Redemption Offer may be made for any amount (rounded to the nearest whole Convertible Note) with no integral multiple requirement.

Any redemption under the Partial Redemption Offer will be made together with any unpaid or overdue interest accrued on the redemption date.

Shareholder approval for the issue of Options to Noteholders on early redemption of the Convertible Notes was obtained at the General Meeting. Accordingly, the issue of the Options to the Convertible Noteholders on acceptance of the Partial Redemption Offer will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

### **1.5 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 a 10% working interest in the Fairway Project and thereby release a 10% working interest 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. Resolution 1 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.

### **1.6 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 Resolution 1.

## Glossary

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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 M6 Securities Pty Ltd (ACN 138 546 433).

**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

<b>Maturity Date</b>	31 March 2017
<b>Coupon Rate</b>	10% p.a.
<b>Interest Paid</b>	Quarterly in arrears.
<b>Face Value</b>	Each Convertible Note has a face value of \$0.05.
<b>Listing</b>	The Company will not apply for quotation of the Convertible Notes.
<b>Security</b>	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.
<b>Conversion</b>	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.
<b>Conversion Ratio</b>	Each note converts into 1 fully paid ordinary share in the Company.
<b>Early Redemption</b>	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.
<b>Early Redemption Penalty</b>	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.
<b>No Voting Rights</b>	A Convertible Note does not entitle the Noteholder to vote at Shareholder meetings of the Company.
<b>Transferable</b>	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.
<b>Reconstruction</b>	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 10.00am (WST), on 28 May 2014 at 255 Hay Street, Subiaco, Western Australia, and at any adjournment thereof.

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

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#### Voting on business of the Meeting

Resolution 1 Approval to dispose of 10% interest in Fairway Project

FOR

AGAINST

ABSTAIN

**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 not 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.**