

## **Notice of Annual General Meeting and Explanatory Statement**

to be held at  
2.30pm (WST) on  
20 November 2015 at  
The Vic Boardroom, 226 Hay Street  
Subiaco, Western Australia, 6008.

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety. Shareholders in doubt as to how they should vote should seek advice from their professional advisers.

If you are unable to attend the Annual General Meeting, please complete the proxy form enclosed and return it in accordance with the instructions set out on that form.

## **Notice of Annual General Meeting**

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The 2015 Annual General Meeting of Target Energy Limited will be held at 2.30pm (WST) on 20 November 2015 at The Vic Boardroom, 226 Hay Street, Subiaco, Western Australia. The Explanatory Statement which forms part of this Notice of Annual General Meeting describes the various matters to be considered. Shareholders 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 Annual General Meeting and the Explanatory Statement.

## **Business of the General Meeting**

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### **Financial Statements and Reports**

To receive and consider the financial statements, declaration of the Directors, Directors' Report, Remuneration Report and Auditor's Report for the financial year ended 30 June 2015.

Note: A copy of the Company's 2015 Annual Report, including the Financial Statements declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report for the year ended 30 June 2015, may be accessed by visiting the Company's website at [www.targetenergy.com.au](http://www.targetenergy.com.au).

### **Resolution 1: Re-election of Christopher Rowe as a Director**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*"That Christopher Rowe who retires by rotation in accordance with clause 11.3 of the Company's constitution, ASX Listing Rule 14.4 and for all other purposes, and being eligible offers himself for re-election, is re-elected as a Director of the Company."*

### **Resolution 2: Remuneration Report**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a non-binding resolution:

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2015 (as set out in the Company's 2015 Annual Report) be adopted."*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

### **Voting Prohibition Statement**

A vote on Resolution 2 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 2 if:

- (a) both of the following apply:
  - (i) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
  - (ii) the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above; or
- (b) all of the following apply:
  - (iii) the person is the Chairman of the meeting; and
  - (iv) the Chairman does so as a proxy appointed by writing; and
  - (v) the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above; and

- (vi) the member(s) on whose behalf the Chairman is acting expressly authorises the Chairman to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel..

The Chairman of the meeting intends to vote all available proxies in favour of the adoption of the Remuneration Report.

### **Resolution 3: Additional Placement Capacity**

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

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

#### **Voting exclusion**

The Company will disregard any votes cast on this resolution by a person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this Resolution is passed (and any associates of such a person).

However, a person described above may cast a vote on Resolution 3 if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

At the date of this Notice, the Company has not approached any persons to participate in an issue of equity securities. No existing shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

#### **Snap-shot time:**

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For the purposes of determining voting entitlements at the Annual General Meeting the Directors have determined that the persons eligible to vote at the Meeting are registered Shareholders at 4pm WST on 18 November 2015.

#### **Voting in Person**

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To vote in person, attend the Meeting at the time, date and place set out in this Notice.

#### **Proxies:**

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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) each Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint 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.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

#### **Proxy vote if appointment specifies way to vote**

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- (a) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- (b) if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- (c) if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
  - (i) the proxy is not recorded as attending the meeting; or
  - (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

**Corporate Representative**

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Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with Section 250D of the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative.

**Enquiries**

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

**Signed in accordance with a resolution of the Directors**

**Rowan Caren**  
Company Secretary  
Dated 17 October 2015

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## Explanatory Statement

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The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions. This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Shareholders 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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### Financial Statements and Reports

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.targetenergy.com.au](http://www.targetenergy.com.au).

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### Resolution 1: Re-election of Christopher Rowe as a Director

#### 1.1 Background

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer.

Clause 11.3 of the Constitution provides that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third, shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

Clause 11.4 states that a retiring director is eligible for re-election. Additionally, clause 11.5 states that the director to retire at any general meeting must be the director that has been in office the longest since their last election, but, as between persons who became directors on the same day, those to retire must be determined by lot.

The Company currently has three Directors and, in accordance with ASX Listing Rule 14.4 and the Company's Constitution, one must retire.

Christopher Rowe, the Director longest in office since his last election, retires by rotation and seeks re-election. Christopher Rowe was appointed a Director on 1 January 2010 and has continuously served as a Director since his appointment.

In addition to his resource-related activities Mr Rowe acted as one of the Counsel Assisting the Royal Commission into "W.A. Inc" and has served on the E.P.A of Western Australia as both a member and as Deputy Chairman.

#### 1.2 Director Qualifications

Mr Rowe graduated from Cambridge University in Economics and Law. Mr Rowe practised in the UK and Perth where he consulted to both the oil and gas and hard rock sectors of the resource industry, before becoming the Executive Chairman of Cultus Petroleum N.L. in 1979 where he served until 1990. During his tenure, the company participated in a number of commercial discoveries in Australia, New Zealand and the USA.

#### 1.3 Other Directorships

Mr Rowe is currently Chairman of ASX listed Northern Star Resources Ltd. He is also the Chairman of fund manager Hawkesbridge Capital Pty Ltd and Blue Ocean Monitoring Pty Ltd.

#### 1.4 Directors recommendation in relation to Resolution 1

Stephen Mann and Laurence Roe (being all the Directors other than Christopher Rowe) recommend that shareholders vote in favour of Resolution 1.

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### Resolution 2: Remuneration Report

#### 2.1 General

In accordance with Section 250R of the Corporations Act the Company submits to Shareholders for consideration and adoption its Remuneration Report for the year ended 30 June 2015. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The Remuneration Report is set out in the Directors Report contained within the Company's Annual Report. The Annual Report is available on the Company's website at [www.targetenergy.com.au](http://www.targetenergy.com.au). The Remuneration Report contains:

- (a) information about the Board's policy for determining the nature and amount of remuneration of Directors and Key Management Personnel of the Company;
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- (b) details of the remuneration of, and options held by, Directors and Key Management Personnel of the Company; and
- (c) a summary of the terms of any contract under which any Director or Key Management Personnel is engaged, including the period of notice required to terminate the contract and any termination payments provided for under the contract.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

## 2.2 “Two strikes rule”

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company

## 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

## 2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following restrictions placed on certain proxies:

Proxy being appointed	Directed Votes	Undirected Votes
Key Management Personnel (other than the Chair) <sup>1</sup>	Can vote directed votes	Cannot vote undirected votes <sup>3</sup>
Chair <sup>2</sup>	Can vote directed votes	Can vote at discretion of Proxy <sup>4</sup>
Other third party	Can vote directed votes	Can vote at discretion of Proxy

### Notes:

- 1) Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.
- 2) Refers to the Chair (where he is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).
- 3) Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.
- 4) The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions. The Proxy Form states that by appointing the Chair as a proxy (or where the Chair becomes proxy by default) the Shareholder gives the Chair express authority to exercise the proxy on Resolution 1 (except where indicated differently) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

## Resolution 3: Additional Placement Capacity

### 3.1 Background

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of their issued capital through placements over a 12 month period after shareholder approval is sought at the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

The Company is an Eligible Entity.

The Company is now seeking shareholder approval by way of a special resolution to give it the ability to issue Equity Securities under the 10% Placement Facility during the 12 month period following the passing of Resolution 3.

If Shareholders approve Resolution 3, the exact number of Equity Securities the Eligible Entity may issue under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to section 3.2 below).

The effect of Resolution 3 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

Target intends to use the funds to drill and complete further oil and gas wells at its Fairway project, for general working capital and for administration.

The Directors of the Company believe that Resolution 3 is in the best interests of the Company and unanimously recommend that shareholders vote in favour of this Resolution.

### **3.2 Description of Listing Rule 7.1A**

ASX Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$2,062,413 based on the closing price of the Company's ordinary shares quoted on ASX on 13 October 2015, being 0.2 cents.

Any Equity Securities under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of this Notice, has on issue two classes of quoted Equity Securities, being the Shares (ASX Code: TEX) and listed Options (ASX Code: TEXO).

Listing Rule 7.1A.2 provides that Eligible Entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

#### **(A × D) - E**

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in Listing Rule 7.2;
  - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
  - (iii) plus the number of shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
  - (iv) less the number of Shares cancelled in the previous 12 months;
- D** is 10%; and
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

At the date of this Notice, the Company has on issue 1,031,206,428 Shares and, after adjusting for securities issued in the past 12 months without Shareholder approval or not under an exception to Listing Rule 7.1, the Company has capacity to issue:

- (a) 154,680,964 Equity Securities under Listing Rule 7.1; and
- (b) 103,120,643 quoted Equity Securities under a Listing Rule 7.1A under the approval obtained on 21 November 2014. Unless this Resolution 3 is approved, the existing Listing Rule 7.1A approval will expire on 20 November 2015.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2.

### **3.3 Specific Information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the VWAP of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) **Date of Issue**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

**(10% Placement Period).**

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Facility, the economic and voting dilution of existing Shares would be as shown in the below table.

The table below shows the dilution of existing shareholders on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice, calculated in accordance with the formula in ASX Listing Rule 7.1A(2).

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity. The number of Shares on issue (Variable A in the formula) may increase as a result of the issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future shareholders meeting.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		50% decrease in Issue Price	Issue Price	50% Increase in Issue Price
Current Variable 'A'	10% voting dilution	103,120,643	103,120,643	103,120,643
	Funds raised	\$103,121	\$206,241	\$309,362
50% increase in current Variable 'A'	10% voting dilution	154,680,965	154,680,965	154,680,965
	Funds raised	\$154,681	\$309,362	\$464,043
100% increase in current Variable 'A'	10% voting dilution	206,241,286	206,241,286	206,241,286
	Funds raised	\$206,241	\$412,483	\$618,724

The table has been prepared on the following assumptions:

- (a) There are currently 1,031,206,428 existing Shares on issue as at the date of this Notice of Meeting.
- (b) The Company issues the maximum number of equity securities available under the 10% Placement Facility;
- (c) The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into ordinary shares before the date of the issue of the equity securities;
- (d) The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- (e) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;



- (f) The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- (g) The table shows only the dilution effect of issuing the equity securities under Listing Rule 7.1A, not under the 15% placement capacity the Company has under Listing Rule 7.1;
- (h) The issue price is \$0.002 being the closing price of the Shares on 13 October 2015 (**“Reference Share Price”**).

Shareholders should note that there is a risk that:

- (i) the market price for the Company’s Shares may be significantly lower on the issue date than on the date of the annual general meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) as cash consideration. In such circumstances, the Company intends to allocate the funds towards the workover and re-completion of existing wells at Fairway, working capital and the costs of issue.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon the issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The Company’s allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined at the date of this Notice but may include existing shareholders and/or new shareholders who are not related parties of the Company.

The identity of the recipients of Equity Securities under the 10% Placement Capacity will be determined having regard to the factors including but not limited to the following:

- (i) the purpose of the issue;
- (ii) alternative methods of raising funds that are available to the Company at that time, including but not limited to, rights issues or other offers in which existing Shareholders can participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial situation and solvency of the Company; and
- (v) advice from corporate, financial and broking advisors (if applicable).

Further if the Company is successful in acquiring new resources, assets or investments, it is possible that the recipients under the 10% Placement Capacity may include vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its Annual General Meeting held on 21 November 2014.

The Company has not issued any Equity Securities pursuant to the Previous Approval.

In the 12 months preceding the date of the 2015 Annual General Meeting, the Company has issued 842,641,362 Equity Securities and this represents 133% of the total diluted number of Equity Securities on issue at the commencement of that 12 month period. Details of each issue of Equity Securities by the Company during the 12 months preceding the date of the 2015 Annual General Meeting are set out in the table below:

Date of Issue	Number of Securities	Type of Security	Recipient of Security	Issue Price and details of any discount	Consideration & Use of Funds as at 14 October 2015
Issue – 20/11/2014 App 3B – 21/10/2014	45,362,892	Ordinary Shares	Existing shareholders – Rights Issue	Issue Price = 4.5 cents per share. Market price <sup>2</sup> = 4.1 cents per share Discount = Nil	<i>Amount raised</i> = \$2,041,330 <i>Amount spent</i> = \$2,041,330 <i>Use of funds</i> Funding for capital expenditure at Fairway Project and costs of issue <i>Amount remaining</i> = \$Nil
Issue – 21/5/2015 App 3B – 27/04/2015	499,160,105	Ordinary Shares	Existing shareholders and underwriter – Rights Issue	Issue Price = 0.6 cents per share Market price <sup>2</sup> = 0.6 cents per share Discount = Nil	<i>Amount raised</i> = \$2,994,960 <i>Amount spent</i> = \$2,504,960 <i>Use of funds</i> Payment of existing liabilities, repayment of secured and short term loans, capital expenditure, interest on convertible notes, working capital and costs of issue <i>Amount remaining</i> = \$490,000 <sup>4</sup>
Issue – 21/5/2015 App 3B – 27/04/2015	249,580,100	Listed options to acquire Ordinary Shares <sup>3</sup>	Existing shareholders and underwriter – Rights Issue	Nil, free attaching	Not applicable.
Issue – 23/7/2015 App3B – 27/04/2015 and 24/07/2015	32,358,843	Ordinary Shares	Existing shareholder in capacity as committed subscriber to Rights Issue	Issue Price = 0.6 cents per share Market price <sup>2</sup> = 0.4 cents per share Discount = Nil	<i>Amount raised</i> = \$194,153 <i>Amount spent</i> = \$Nil <i>Use of funds</i> = Payment of existing liabilities, capital expenditure, interest on convertible notes, working capital and costs of issue <i>Amount remaining</i> = \$194,153 <sup>4</sup>
Issue – 23/7/2015 App 3B – 27/04/2015 and 24/07/2015	16,179,422	Listed options to acquire Ordinary Shares <sup>3</sup>	Existing shareholder in capacity as committed subscriber to Rights Issue	Nil, free attaching	Not applicable.

Notes:

1. New 2014 Convertible Notes with a face value of 5 cents and an expiry date of the earlier of 31 March 2017 and the date fourteen business days after settlement of a sale of Target's interest in the Fairway Project. The full terms of the New 2014 Convertible Notes are set out in Annexure 1.
2. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
3. Unlisted Options with an exercise price of 1.2 cents and an expiry date of 28 February 2017.

4. It is proposed that the funds raised from issues of Equity Securities will be used, together with the Company's other cash reserves, for payment of existing liabilities, capital expenditure, interest on convertible notes and working capital. This statement as it relates to the future use of funds is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

(h) **Voting Exclusion**

A voting exclusion statement is included in this Notice. At the date of this Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holders to participate in an issue of equity securities under ASX Listing Rule 7.1A. No existing shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

**3.4 Directors recommendation in relation to Resolution 3**

All the directors recommend that shareholders vote in favour of Resolution 3.

## Glossary

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In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

**10% Placement Capacity** has the meaning given in section 3.1 of the Explanatory Statement.

**Annexure** means an annexure to this Explanatory Statement.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given in Section 11 of the Corporations Act.

**ASX** means ASX Limited (ACN 008 624 691).

**Board** means the board of Directors of the Company.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

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

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

**Director** means a Director of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Fairway Project** means the project in West Texas targeting the Wolfberry Oil Resource Play in the Permian Basin.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Listing Rules** means the Listing Rules of ASX.

**New 2014 Convertible Note** means a convertible note issued on 24 October 2014 (60,000,000 currently on issue) on the terms and conditions set out in the Company's notice of meeting dated 17 October 2014.

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

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Related Party** has the meaning given in Section 228 of the Corporations Act.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2015.

**Relevant Interest** has the meaning given in Sections 608 and 609 of the Corporations Act.

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

**Shareholder** means a shareholder of the Company.

**Variable A** means "A" as set out in the calculation in section 3.2 of the Explanatory Statement.

**Voting Power** has the meaning given in Section 610 of the Corporations Act.

☐

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'x') should advise your broker of any changes.

## Form of Proxy

Please mark ☒ to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf



**PLEASE NOTE:** This proxy is solicited on behalf of Target Energy Limited ABN 73 119 160 360 (the "Company") for use at the meeting of the shareholders of the Company to be held at The Vic Boardroom, 226 Hay Street Subiaco, Western Australia 6008 on Friday 20 November 2015 at 2.30pm (WST) or any adjournment thereof (the "Meeting").

I/We being a member/s of Target Energy Limited hereby appoint

the Chairman  
of the meeting


OR



**PLEASE NOTE:** If you leave the section blank, the Chairman of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions at the Meeting and at any adjournment of that meeting.

If you have not appointed the Chairman of the Meeting as your proxy and you are appointing a second proxy please complete the following: Proxy 1 is appointed to represent \_\_\_\_\_% of my voting right and Proxy 2 is appointed to represent \_\_\_\_\_% of my total votes. My total voting right is \_\_\_\_\_ shares.

 **PLEASE NOTE:** If the appointment does not specify the proportion or number of votes that the proxy may exercise, each proxy may exercise half the votes.

With respect to any amendment or variations to the matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting, I/we confer discretionary authority on the person voting on behalf of me/us to vote as that person sees fit. At the time of printing this Form of Proxy, management knows of no such amendment, variation or other matter.

### STEP 2 Items of Business



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

If you wish to indicate how your proxy is to vote, please tick the appropriate places below.

FOR

AGAINST

ABSTAIN

Item1 - Re-election of Christopher Rowe as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 - Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 - Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no choice is specified, the shareholder is conferring discretionary authority on the proxy to vote at his or her discretion. However, the Chairman intends to vote FOR each of the resolutions. The Chairman intends to vote all undirected proxies in favour of item 2.

**SIGN**

### Signing by member

This section **must** be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Member 1

Sole Director and Sole  
Secretary

Member 2 (if joint holding)

Director/Company  
Secretary

Member 3 (if joint holding)

Director

/ /

Date



ABN 73 119 160 360

### Lodge your vote:



**By Mail:**

Advanced Share Registry Limited  
PO Box 1156  
Nedlands WA 6909

Alternatively you can fax your form to  
Facsimile: +61 (0) 8 9262 3723

For Online Vote  
[www.advancedshare.com.au](http://www.advancedshare.com.au)

### For all enquiries call:

Telephone: +61 (0) 8 9389 8033  
Email: [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)

## Proxy Form

### Instructions

1. Every shareholder has the right to appoint some other person or company of their choice, who need not be a shareholder, to attend and act on their behalf at the meeting. If you wish to appoint a person or company other than the Chairman, please insert the name of your proxyholder(s) in the space provided (see reverse).
2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you may be required to provide documentation evidencing your power to sign this proxy with signing capacity stated.
3. This proxy should be signed in the exact manner as the name that appears on the proxy.
4. If a shareholder appoints two proxies, each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
5. Completion of a proxy form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
6. To be effective, proxies must be delivered by shareholders as follows:  
Shareholders must deliver their proxies prior to 2.30pm (WST) on 18 November 2015 by mail to PO Box 1156, Nedlands, 6909, Western Australia or by facsimile at +61 (0) 8 9262 3723 or deliver to the Share Registry of the Company at 110 Stirling Hwy, Nedlands, Western Australia, 6009 or vote online at [www.advancedshare.com.au](http://www.advancedshare.com.au).
7. For the purposes of Regulation 7.11.37 of the Corporations Regulations the Company determines that shareholders holding shares at 4.00pm (WST) on 18 November 2015 will be entitled to attend and vote at the Meeting.
8. The Chairman intends to vote in favour of all resolutions set out in the Notice of Meeting.
9. This proxy confers discretionary authority in respect of amendments to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting.
10. This proxy should be read in conjunction with the accompanying documentation provided by management of the Company.
11. The shares represented by this proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any poll that may be called for, and if the shareholder has specified a choice in respect of any matter to be acted upon, the shares will be voted accordingly.

**Turn over to complete the form →**



**CHECK OUT OUR WEBSITE at**  
[www.advancedshare.com.au](http://www.advancedshare.com.au)

- Check all holdings by using HIN/SRN
- Update your holding details
- Reprint various documents online