

NOTICE IS HEREBY GIVEN that a General Meeting of Target Energy Limited ("Target Energy" or the "Company") will be held on Wednesday, 23 January 2008 commencing at 10am in the Heritage Boardroom, The Melbourne Hotel, corner of Hay and Milligan Streets, Perth, Western Australia 6000.

The enclosed Explanatory Memorandum accompanies and forms part of this Notice of Meeting.

AGENDA

ORDINARY BUSINESS

Resolution 1 - Ratification of Placement of Shares

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

"That for the purpose of Listing Rule 7.4 of the ASX Listing Rules, and for all other purposes, Shareholders ratify the allotment and issue of 10,200,000 Shares at an issue price of A\$0.25 each to raise A\$2,550,000 to the persons and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting".

Voting Exclusion: The Company will disregard any votes cast on this resolution by a person who participated in the issue, or any associate of such a person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the proxy form.

Resolution 2 - Issue of Options

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

"That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 2,550,000 options to acquire fully paid ordinary shares in the Company to the persons who are issued the shares referred to in Resolution 1 on the basis of 1 option for each 4 shares issued to those persons and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting".

Voting Exclusion: The Company will disregard any votes cast on this resolution by a person who participated in the issue of the shares under Resolution 1, or any associate of such a person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the proxy form.

Resolution 3 - General Placement Authority

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

"That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 20,000,000 fully paid ordinary shares in the Company to professional and sophisticated investors and to clients of financial services licensees at an issue price of not less than 80% of the average market price of the Company's ordinary shares recorded on the ASX over the last 5 days on which sales in those shares were recorded before the day on which the issue was made on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting".

Voting Exclusion: The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed, and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;

PROXIES

In accordance with section 249L of the Corporations Act 2001, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company;
- a member who is 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. If no proportion or number is specified, then in accordance with section 249X(3) of the Corporations Act 2001, each proxy may exercise half of the votes.

In accordance with section 250BA of the Corporations Act 2001, the Company specifies the following information for the purposes of receipt of proxy appointments:

Principal Place of Business: Level 2, 46 Ord Street
West Perth, Western Australia 6005
Facsimile Number: (61 8) 9476 9099
Postal Address: PO Box 140
West Perth, Western Australia 6872

Each member entitled to vote at the General Meeting has the right to appoint a proxy to attend and vote at the meeting on his behalf. The member may specify the way in which the proxy is to vote on each resolution or may allow the proxy to vote at his discretion. The instrument appointing the proxy must be received by the Company at the address specified above at least 48 hours before the time notified for the meeting (proxy forms can be lodged by facsimile).

In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that ordinary shares held as at 5pm on 18 January 2008 will be taken, for the purposes of the General Meeting, to be held by the persons who held them at that time.

BY ORDER OF THE BOARD



Paul Lloyd
Director/Company Secretary
Perth, Western Australia
21 December 2007

Members who do not plan to attend the meeting are encouraged to complete and return a proxy form.

EXPLANATORY MEMORANDUM

1. INTRODUCTION

This Explanatory Memorandum has been prepared for the information of shareholders of Target Energy Limited ("Target" or the "Company") in connection with the business to be conducted at the Company's General Meeting to be held on Wednesday, 23 January 2008 at 10am in the Heritage Boardroom, The Melbourne Hotel, corner of Hay and Milligan Streets, Perth, Western Australia.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting.

RESOLUTION 1 AND 2 - RATIFICATION OF PLACEMENT AND APPROVAL OF ISSUE OF OPTIONS

The Company has issued Shares and proposes to issue attaching Options to raise \$2,550,000 to fund ongoing exploration of the Company's assets, acquire interests in new assets and other working capital needs. The issue of attaching Options is subject to prior shareholder approval being sought under Resolution 2.

The 10,200,000 Shares have been issued at a price of A\$0.25 per Share to raise \$2,550,000 under the Company's 15% capacity pursuant to ASX Listing Rule 7.1 on 21 December 2007. Resolution 1 therefore seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Shares. By ratifying this placement, the Company will retain the flexibility to issue equity securities in the future up to the 15% threshold set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

The Options proposed to be issued by the Company pursuant to Resolution 2 will exceed the 15% threshold referred to in Listing Rule 7.1 and, accordingly, Resolution 2 seeks Shareholder approval under Listing Rule 7.1.

RESOLUTION 1 - RATIFICATION OF PLACEMENT OF SHARES

ASX Listing Rule 7.1 requires that a listed company obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any 12 month period (subject to the qualifications and adjustments that are set out in the ASX Listing Rules).

The issue of the Shares detailed in Resolution 1 does not exceed the 15% threshold. While Shareholder approval of this issue was not required at the time of issue, the effect of the issue is to reduce the Company's capacity to issue additional securities in the future without Shareholder approval.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. This rule provides that where a company in general meeting ratifies a previous issue of securities made without shareholder approval under ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purposes of ASX Listing Rule 7.1.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 of the issue of 10,200,000 Shares at a price of A\$0.25 per Share. By ratifying this issue of Shares, the Company will retain the capacity to issue securities in the future up to the 15% threshold without the requirement to obtain Shareholder approval.

Pursuant to, and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (a) the total number of securities to be allotted is 10,200,000 Shares;
- (b) the price at which the Shares will be issued is A\$0.25 per Share;
- (c) the Shares, when issued, will rank equally with the Company's existing issued Shares;
- (d) the Shares were allotted and issued on 21 December 2007 to sophisticated and professional investors;
- (e) the funds raised by the issue of Shares will be applied to the expansion of the Company's drilling and exploration activities in the United States; and
- (f) None of the Directors or their associates will participate in the issue of Shares.

Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

RESOLUTION 2 - ISSUE OF OPTIONS

Regulatory Requirements - ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that the prior approval of the Shareholders of the Company is required for an issue of equity securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The proposed issue of 2,550,000 options pursuant to Resolution 2 will exceed the 15% threshold referred to in Listing Rule 7.1. Accordingly, Shareholder approval under Listing Rule 7.1 is sought to allow the number of securities issued not to be included in the calculation under ASX Listing Rule 7.1. This will allow the Company to have the flexibility to issue equity securities in the future up to the 15% threshold without the requirement to obtain Shareholder approval.

The Options proposed to be issued will be issued to the same parties which are issued with the Shares referred to in Resolution 1 on the basis of 1 option for each 4 shares issued to those parties and will be issued irrespective of whether those parties are still the registered holder of the shares as at the date of issue of the Options.

The parties to whom the Shares will be issued have been advised the issue of the Options is conditional on the approval of the shareholders of the Company to their issue and the issue of the Shares under Resolution 1 is not subject to the approval of Shareholders to the issue of the Options.

ASX Listing Rule 7.3 requires that the following information be provided to shareholders when seeking an approval for the purposes of ASX Listing Rule 7.1:

- (a) the number of securities to be issued is 2,550,000 options to acquire fully paid ordinary shares in the Company;
- (b) the Options will be issued for nil consideration other than the person to whom they will be issued having subscribed for the Shares referred to in Resolution 1;
- (c) the Options will be issued no later than three (3) months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Options, when issued and granted Official Quotation by the ASX, will rank equally with the Company's existing listed options;
- (e) it is intended that allotment of the Options will occur on one date, with the date currently proposed as 25 January 2008;
- (f) the Options will be allotted to the same parties which are issued the shares under Resolution 1; and
- (g) the funds raised by the issue of the Shares will be applied to the expansion of the Company's drilling and exploration activities in the United States.

The terms and conditions attaching to the Options are set out in Appendix A.

Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 2.

RESOLUTION 3 - GENERAL PLACEMENT AUTHORITY

Background

Resolution 3 has been proposed so that Shareholders may approve, for the purposes of Listing Rule 7.1, the issue of up to 20,000,000 ordinary shares in the Company to professional and sophisticated investors and to clients of financial services licensees at a price of not less than 80% of the average market price of the Company's ordinary shares recorded on the ASX over the last five days on which sales in those shares were recorded before the day on which the issue is made.

Reason for Shareholder approval

ASX Listing Rule 7.1 requires that a listed company obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any 12 month period (subject to the qualifications and adjustments that are set out in the ASX Listing Rules).

The issue of Shares pursuant to Resolution 3 may exceed the 15% threshold, and accordingly Resolution 3 has been proposed so that Shareholders can approve the proposed issue of Shares.

In the area of the Company's operations there is a scarcity of quality assets/projects for participation or sale at what the Company considers appropriate valuations. Quality assets that become available generally attract intense competition. The ability to issue securities quickly may give the Company a strategic advantage to secure further high quality projects in an efficient and expeditious manner.

The Company continues to pursue new ventures and is in discussions on a number of opportunities that will require further capital if agreement can be reached on our participation. A quick response from the Company may be required to secure these opportunities. If Resolution 3 is not passed, in the next three months the Company may be required to incur the cost and delay of holding a further general meeting before proceeding with future capital raising. The time taken to arrange such a meeting may incur a risk that opportunities to acquire quality projects may be lost to competitors. Therefore the Company is seeking Shareholder approval in order to be able to respond quickly to any need to issue securities in the future, if the Board believes this to be in the best interests of the Company and Shareholders.

Listing Rule 7.3

In accordance with the requirements of Listing Rule 7.3, the following information is provided to Shareholders:

- (a) The maximum number of securities to be issued is 20,000,000 fully paid ordinary Shares in the Company at an issue price calculated as set out in paragraph (c) below.
- (b) The Company will issue the securities no later than 23 April 2008 (being three months after the date of this Meeting).
- (c) The issue price of the Shares, will be a minimum price which is equal to at least 80% of the average market price for ordinary shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the issue was made.
- (d) The allottees of the Shares will be sophisticated and professional investors under sections 708(8) and 708(11) of the Corporations Act and clients of financial services licensees under section 708(10) of the Corporations Act.
- (e) The securities issued will be fully paid ordinary shares.
- (f) The funds raised will be applied to possible acquisitions or future work programmes of acquisitions currently being evaluated and working capital.

Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 3.

APPENDIX "A"

Terms and Conditions of Options

Each option will entitle the holder of the option to subscribe for and be allotted 1 fully paid ordinary share in the Company on the following terms:

- (a) the Options may be exercisable at any time prior to 5:00pm WST on 26 November 2009 (Expiry Date). Options not exercised on or before the Expiry Date will automatically lapse;
- (b) the exercise price of each Option is 25 cents;
- (c) the Options may be exercised wholly or in part by completing an application form for Shares (Notice of Exercise) delivered to the Company's share registry and received by it any time prior to the Expiry Date;
- (d) the Company will apply to the ASX Limited to have the Options granted Official Quotation;
- (e) other than as specified in (i) and (j) below 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;
- (f) upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking pari passu with the then issued Shares. The Company will apply to ASX to have the Shares granted Official Quotation;
- (g) a summary of the terms and conditions of the Options, including the Notice of Exercise, will be sent to optionholders when the initial holding statement is sent;
- (h) there will be no participating entitlement inherent in the Options to participate in the new issues of capital which may be offered Shareholders during the currency of the Options. Prior to any new pro rata issue of securities to Shareholders, optionholders will be notified by the Company in accordance with the requirements of the ASX Listing Rules;
- (i) if the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2;
- (j) in the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry date, all rights of an option holder are to be changed in a manner consistent with the ASX Listing Rules;
- (k) the Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for the transfer of options at any time until 26 November 2009, subject to any restrictions which may be imposed by ASX; and
- (l) Shares issued pursuant to the exercise of an Option will be issued not more than 14 days after the date of the Notice of Exercise.

Target Energy Limited

(ABN 73 119 160 360)

PROXY FORM

Shareholder

Name and address of shareholder of Target Energy Limited.

Name

Address

Appointment of Proxy

I/We being a member/s of Target Energy Limited and entitled to attend and vote hereby appoint

The Chairman of the Meeting (mark with an "X")

OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

Or failing the individual or body corporate named, or if no individual or body corporate 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 (or if no directions have been given, as the proxy sees fit) at the General Meeting of Target Energy Limited to be held on 23 January 2008 and at any adjournment of that meeting.

If you do **not** wish to direct your proxy how to vote, please place a mark in the box →→

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolutions and votes cast by him other than as proxy holder will be disregarded because of that interest. **The Chairman of the Meeting intends to vote any such undirected proxies in favour of all the resolutions.**

If you do not mark the above box and you have not directed your proxy how to vote in the boxes below, the Chairman of the Meeting will not cast your votes on the resolutions and your votes will not be counted in computing the required majority if a poll is called.

Voting directions to your proxy – please mark to indicate your directions

RESOLUTIONS

	FOR	AGAINST	ABSTAIN*
1. Ratification of Placement of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. General Placement Authority	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and
Sole Company Secretary

Director

Director/Company Secretary

Dated: ___/___/2008

How to complete the Proxy Form

1 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

2 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

3 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

4 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 10am on Monday, 21 January 2008. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

IN PERSON: Principal Place of Business – Level 2, 46 Ord Street, West Perth, Western Australia 6005

BY MAIL: Principal Place of Business – Level 2, 46 Ord Street, West Perth, Western Australia 6005
or P O Box 140, West Perth, Western Australia 6872

BY FAX (61 8) 9476 9099