
TITAN ENERGY LIMITED

ACN 109 213 470

NOTICE OF GENERAL MEETING

TIME: 10:30 am (WST)

DATE: 27 June 2014

PLACE: 31 Ord St, West Perth Western Australia 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9322 6955.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 10:30 AM (WST) on 27 June 2014 at:
31 Ord St, West Perth Western Australia 6005

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00 pm (WST) on 25 June 2014.

Voting in person

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

Voting by proxy

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.

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

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance

with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

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:**

- 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
- 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
- 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
- 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:

- 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
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - 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.

Return of Proxy Form: To vote by proxy, complete and sign the enclosed Proxy Form and return by:

- (a) post to Titan Energy Limited, 31 Ord Street, West Perth, WA 6005; or
- (b) facsimile to the Company on facsimile number +61 8 9322 6722,

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.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – PLACEMENT – SHARES AND 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 ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 60,000,000 Shares and 30,000,000 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any 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 holder of ordinary securities, if the Resolution is passed and any associates of those persons. 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 directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

2. RESOLUTION 2 – PLACEMENT – 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 ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 25,000,000 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any 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 holder of ordinary securities, if the Resolution is passed and any associates of those persons. 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 directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

3. RESOLUTION 3 – ISSUE OF OPTIONS TO RELATED PARTY – MR PAUL GARNER

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

“That, subject to the passing of Resolution 2, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 4,000,000 Options to Mr Paul Garner (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Paul Garner (and his nominee) and any of their associates. 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 directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

4. RESOLUTION 4 – ISSUE OF OPTIONS TO RELATED PARTY – MR DARREN LEVY

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

“That, subject to the passing of Resolution 2, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 4,000,000 Options to Mr Darren Levy (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Darren Levy (and his nominee) and any of their associates. 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 directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

5. RESOLUTION 5 – ISSUE OF OPTIONS TO RELATED PARTY – MR ANDREW VAN DER ZWAN

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

“That, subject to the passing of Resolution 2, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 2,000,000 Options to Mr Andrew Van Der Zwan (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Van Der Zwan (and his nominee) and any of their associates. 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 directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

6. RESOLUTION 6 – PLACEMENT – VARIABLE PRICE CONVERTIBLE NOTES

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 850,000 Convertible Notes on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any 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 holder of ordinary securities, if the Resolution is passed and any associates of those persons. 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 directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

7. RESOLUTION 7 – ISSUE OF VARIABLE PRICE CONVERTIBLE NOTES TO RELATED PARTY – MR PAUL GARNER

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

“That, subject to the passing of Resolution 6, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 200,000 Convertible Notes to Mr Paul Garner (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Paul Garner (and his nominee) and any of their associates. 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 directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

8. RESOLUTION 8 – PLACEMENT – FIXED PRICE CONVERTIBLE NOTES

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 1,000,000 Convertible Notes on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any 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 holder of ordinary securities, if the Resolution is passed and any associates of those persons. 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 directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

9. RESOLUTION 9 – ISSUE OF FIXED PRICE CONVERTIBLE NOTES TO RELATED PARTY – MR PAUL GARNER

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

“That, subject to the passing of Resolution 8, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 250,000 Convertible Notes to Mr Paul Garner (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Paul Garner (and his nominee) and any of their associates. 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 directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

10. RESOLUTION 10 – ISSUE OF FIXED PRICE CONVERTIBLE NOTES TO RELATED PARTY – MR DARREN LEVY

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

“That, subject to the passing of Resolution 8, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 150,000 Convertible Notes to Mr Darren Levy (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Darren Levy (and his nominee) and any of their associates. 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 directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

11. RESOLUTION 11 – ISSUE OF FIXED PRICE CONVERTIBLE NOTES TO RELATED PARTY – MR ANDREW VAN DER ZWAN

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

“That, subject to the passing of Resolution 8, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 75,000 Convertible Notes to Mr Andrew Van Der Zwan (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Van Der Zwan (and his nominee) and any of their associates. 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 directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

12. RESOLUTION 12 – RATIFICATION OF PRIOR ISSUE – FIXED PRICE CONVERTIBLE NOTES

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 425,000 Convertible Notes 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 participated in the issue and any associates of those persons. 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 directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

13. RESOLUTION 13 – PLACEMENT – SHARES AND OPTIONS IN CONSIDERATION FOR SERVICES PROVIDED

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 2,000,000 Shares, together with up to 9,000,000 Options, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any 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 holder of ordinary securities, if the Resolution is passed and any associates of those persons. 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 directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

14. RESOLUTION 14 – ISSUE OF OPTIONS TO EMPLOYEES AND CONTRACTORS

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 10,000,000 Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any 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 holder of ordinary securities, if the Resolution is passed and any associates of those persons. 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 directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

15. RESOLUTION 15 – RATIFICATION OF PRIOR ISSUE – 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 ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 7,500,000 Options 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 participated in the issue and any associates of those persons. 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 directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

Dated: 22 May 2014

By order of the Board

**Mr Jack Toby
Company Secretary**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTION 1 – PLACEMENT – SHARES AND OPTIONS

1.1 General

Resolution 1 seeks Shareholder approval for the issue of up to 60,000,000 Shares at an issue price per Share of not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made, together with one (1) free attaching Option for every two (2) Shares subscribed for and issued (**Placement**).

The Company has engaged the services of Pendulum Capital Pty Limited (ACN 108 119 848) (**Pendulum**), a licensed securities dealer (AFSL 280970), to manage the Placement. In consideration for Pendulum's corporate services, the Company will pay a 6% fee of the amount raised to Pendulum and issue Pendulum such number of Options as equals 6% of the number of Shares issued pursuant to this Resolution. The Company may elect to settle this fee in cash or Shares and/or Options pursuant to Resolution 13.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Company to issue the Shares and Options pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

1.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the maximum number of Shares to be issued is 60,000,000 and the maximum number of Options to be issued is 30,000,000;
- (b) the Shares and Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares and Options will occur progressively;
- (c) the issue price per Share will be not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made and nil per Option as the Options will be issued free attaching with the Shares on a 1:2 basis;
- (d) the Shares and Options will be issued to clients of Pendulum. None of these subscribers are related parties of the Company;

- (e) the Shares issued 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;
- (f) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (g) the Company intends to use the funds raised from the Placement towards exploration expenses on the Company's existing oil and gas projects in Western Australia and the USA, administration expenses and general working capital.

2. RESOLUTION 2 – PLACEMENT – OPTIONS

2.1 General

Resolution 2 seeks Shareholder approval for the issue of up to 25,000,000 Options at an issue price of \$0.0005 per Option to raise up to \$12,500 (**Placement**).

The Company has engaged Pendulum to manage the Placement. In consideration for Pendulum's corporate services, the Company will pay a 6% fee of the amount raised to Pendulum pursuant to this Resolution. The Company may elect to settle this fee in cash or Shares and/or Options pursuant to Resolution 13.

A summary of ASX Listing Rule 7.1 is set out in section 1.1 above.

The effect of Resolution 2 will be to allow the Company to issue the Options pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

2.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the maximum number of Options to be issued is 25,000,000;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur progressively;
- (c) the issue price will be \$0.0005 per Option;
- (d) the Options will be issued to clients of Pendulum. Except as set out in Resolutions 3, 4 and 5, none of these subscribers are related parties of the Company;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) the Company intends to use the funds raised from the Placement towards exploration expenses on the Company's existing oil and gas projects in Western Australia and the USA, administration expenses and general working capital.

3. RESOLUTIONS 3 TO 5 – ISSUE OF OPTIONS TO RELATED PARTIES

3.1 General

Pursuant to Resolution 2 the Company is seeking Shareholder approval for the issue of up to 25,000,000 Options at an issue price of \$0.0005 per Option to raise up to \$12,500 (**Placement**).

Messrs Paul Garner, Darren Levy and Andrew Van Der Zwan wish to participate in the Placement.

Subject to the passing of Resolution 2, Resolutions 3 to 5 seek Shareholder approval for the issue of up to:

- (a) 4,000,000 Options to Mr Paul Garner (or his nominee);
- (b) 4,000,000 Options to Mr Darren Levy (or his nominee); and
- (c) 2,000,000 Options to Mr Andrew Van Der Zwan (or his nominee),

arising from their participation in the Placement (**Participation**).

3.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Options which constitutes giving a financial benefit and Messrs Paul Garner, Darren Levy and Andrew Van Der Zwan are related parties of the Company by virtue of being Directors.

In respect to Resolution 3, the Directors (other than Mr Paul Garner who has a material personal interest in Resolution 3) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Options will be issued to Mr Paul Garner on the same terms as Options issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

In respect to Resolution 4, the Directors (other than Mr Darren Levy who has a material personal interest in Resolution 4) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Options will be issued to Mr Darren Levy on the same terms as Options issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

In respect to Resolution 5, the Directors (other than Mr Andrew Van Der Zwan who has a material personal interest in Resolution 5) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Options will be issued to Mr Andrew

Van Der Zwan on the same terms as Options issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

3.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Placement involves the issue of Options to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

3.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the Options will be issued to Messrs Paul Garner, Darren Levy and Andrew Van Der Zwan (or their nominees);
- (b) the maximum number of Options to be issued is 10,000,000 being:
 - (i) 4,000,000 Options to Mr Paul Garner (or his nominee);
 - (ii) 4,000,000 Options to Mr Darren Levy (or his nominee); and
 - (iii) 2,000,000 Options to Mr Andrew Van Der Zwan (or his nominee);
- (c) the Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (d) the issue price will be \$0.0005 per Option, being the same as all other Options issued under the Placement;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) the funds raised will be used for the same purposes as all other funds raised under the Placement as set out in section 2.2 of this Explanatory Statement.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Options to Messrs Paul Garner, Darren Levy and Andrew Van Der Zwan (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

4. RESOLUTION 6 – PLACEMENT – VARIABLE PRICE CONVERTIBLE NOTES

4.1 General

Resolution 6 seeks Shareholder approval for the issue of up to 850,000 Convertible Notes at an issue price of \$1.00 per Convertible Note to raise up to \$850,000 (**Placement**).

The Company has engaged Pendulum to manage the Placement. In consideration for Pendulum's corporate services, the Company will pay a 6% fee of the amount raised to Pendulum pursuant to this Resolution. The Company may elect to settle this fee in cash or Shares and/or Options pursuant to Resolution 13.

A summary of ASX Listing Rule 7.1 is set out in section 1.1 above.

The effect of Resolution 6 will be to allow the Company to issue the Convertible Notes pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

4.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the maximum number of Convertible Notes to be issued is 850,000;
- (b) the Convertible Notes will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Convertible Notes will occur progressively;
- (c) the issue price will be \$1.00 per Convertible Note;
- (d) the Convertible Notes will be issued to clients of Pendulum. Except as set out in Resolution 7, none of these subscribers are related parties of the Company;
- (e) the Convertible Notes will be issued on the terms and conditions set out in Schedule 2; and
- (f) the Company intends to use the funds raised from the Placement towards exploration expenses on the Company's existing oil and gas projects in Western Australia and the USA, administration expenses and general working capital.

5. RESOLUTIONS 7 – ISSUE OF VARIABLE PRICE CONVERTIBLE NOTES TO RELATED PARTY – MR PAUL GARNER

5.1 General

Pursuant to Resolution 6 the Company is seeking Shareholder approval for the issue of up to 850,000 Convertible Notes at an issue price of \$1.00 per Convertible Note to raise up to \$850,000 (**Placement**).

Mr Paul Garner wishes to participate in the Placement.

Subject to the passing of Resolution 6, Resolution 7 seeks Shareholder approval for the issue of up to 200,000 Convertible Notes to Mr Paul Garner (or his nominee) arising from their participation in the Placement (**Participation**).

5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Convertible Notes which constitutes giving a financial benefit and Mr Paul Garner is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Paul Garner who has a material personal interest in this Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Convertible Notes will be issued to Mr Paul Garner on the same terms as Convertible Notes issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

5.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Placement involves the issue of Convertible Notes to a Related Party, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

5.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the Convertible Notes will be issued to Mr Paul Garner (or his nominee);
- (b) the maximum number of Convertible Notes to be issued is 200,000;
- (c) the Convertible Notes will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Convertible Notes will occur progressively;
- (d) the issue price will be \$1.00 per Convertible Note, being the same as all other Convertible Notes issued under the Placement;

- (e) the Convertible Notes will be issued on the terms and conditions set out in Schedule 2; and
- (f) the funds raised will be used for the same purposes as all other funds raised under the Placement as set out in section 4.2 of this Explanatory Statement.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Convertible Notes to Mr Paul Garner (or his nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

6. RESOLUTION 8 – PLACEMENT – FIXED PRICE CONVERTIBLE NOTES

6.1 General

Resolution 8 seeks Shareholder approval for the issue of up to 1,000,000 Convertible Notes at an issue price of \$1.00 per Convertible Note to raise up to \$1,000,000 (**Placement**).

The Company has engaged Pendulum to manage the Placement. In consideration for Pendulum's corporate services, the Company will pay a 6% fee of the amount raised to Pendulum pursuant to this Resolution. The Company may elect to settle this fee in cash or Shares and/or Options pursuant to Resolution 13.

A summary of ASX Listing Rule 7.1 is set out in section 1.1 above.

The effect of Resolution 8 will be to allow the Company to issue the Convertible Notes pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

6.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the maximum number of Convertible Notes to be issued is 1,000,000;
- (b) the Convertible Notes will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Convertible Notes will occur progressively;
- (c) the issue price will be \$1.00 per Convertible Note;
- (d) the Convertible Notes will be issued to clients of Pendulum. Except as set out in Resolutions 9, 10 and 11, none of these subscribers are related parties of the Company;
- (e) the Convertible Notes will be issued on the terms and conditions set out in Schedule 3; and
- (f) the Company intends to use the funds raised from the Placement towards exploration expenses on the Company's existing oil and gas

projects in Western Australia and the USA, administration expenses and general working capital.

7. RESOLUTIONS 9 TO 11 – ISSUE OF FIXED PRICE CONVERTIBLE NOTES TO RELATED PARTIES

7.1 General

Pursuant to Resolution 8 the Company is seeking Shareholder approval for the issue of up to 1,000,000 Convertible Notes at an issue price of \$1.00 per Convertible Note to raise up to \$1,000,000 (**Placement**).

Messrs Paul Garner, Darren Levy and Andrew Van Der Zwan wish to participate in the Placement.

Subject to the passing of Resolution 8, Resolutions 9 to 11 seek Shareholder approval for the issue of up to:

- (a) 250,000 Convertible Notes to Mr Paul Garner (or his nominee);
- (b) 150,000 Convertible Notes to Mr Darren Levy (or his nominee); and
- (c) 75,000 Convertible Notes to Mr Andrew Van Der Zwan (or his nominee),

arising from their participation in the Placement (**Participation**).

7.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Convertible Notes which constitutes giving a financial benefit and Messrs Paul Garner, Darren Levy and Andrew Van Der Zwan are related parties of the Company by virtue of being Directors.

In respect to Resolution 9, the Directors (other than Mr Paul Garner who has a material personal interest in Resolution 9) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Convertible Notes will be issued to Mr Paul Garner on the same terms as Convertible Notes issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

In respect to Resolution 10, the Directors (other than Mr Darren Levy who has a material personal interest in Resolution 10) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Convertible Notes will be issued to Mr Darren Levy on the same terms as Convertible Notes issued to non-related party participants in

the Placement and as such the giving of the financial benefit is on arm's length terms.

In respect to Resolution 11, the Directors (other than Mr Andrew Van Der Zwan who has a material personal interest in Resolution 11) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Convertible Notes will be issued to Mr Andrew Van Der Zwan on the same terms as Convertible Notes issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

7.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Placement involves the issue of Convertible Notes to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

7.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the Convertible Notes will be issued to Messrs Paul Garner, Darren Levy and Andrew Van Der Zwan (or their nominees);
- (b) the maximum number of Convertible Notes to be issued is 475,000 being:
 - (i) 250,000 Convertible Notes to Mr Paul Garner (or his nominee);
 - (ii) 150,000 Convertible Notes to Mr Darren Levy (or his nominee); and
 - (iii) 75,000 Convertible Notes to Mr Andrew Van Der Zwan (or his nominee);
- (c) the Convertible Notes will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Convertible Notes will occur progressively;
- (d) the issue price will be \$1.00 per Convertible Note, being the same as all other Convertible Notes issued under the Placement;
- (e) the Convertible Notes will be issued on the terms and conditions set out in Schedule 3; and
- (f) the funds raised will be used for the same purposes as all other funds raised under the Placement as set out in section 6.2 of this Explanatory Statement.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Convertible Notes to Messrs Paul Garner, Darren Levy and Andrew Van Der Zwan (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1

8. RESOLUTION 12 – RATIFICATION OF PRIOR ISSUE – FIXED PRICE CONVERTIBLE NOTES

8.1 General

On 21 May 2014, the Company issued 425,000 Convertible Notes at an issue price of \$1.00 per Convertible Note to raise \$425,000.

The Company engaged Pendulum to place the Convertible Notes. In consideration for Pendulum's corporate services, the Company will pay a 6% fee of the amount raised to Pendulum pursuant to this Resolution. The Company may elect to settle this fee in cash or Shares and/or Options pursuant to Resolution 13.

Resolution 12 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Convertible Notes (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

A summary of ASX Listing Rule 7.1 is set out in section 1.1 above.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

8.2 Technical information required by ASX Listing Rule 7.4

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

- (a) 425,000 Convertible Notes were issued;
- (b) the issue price was \$1.00 per Convertible Note;
- (c) the Convertible Notes were issued on the terms and conditions set out in Schedule 3;
- (d) the Convertible Notes were issued to clients of Pendulum. None of these subscribers are related parties of the Company; and
- (e) the funds raised from the issue were to be used for exploration expenses on the Company's existing oil and gas projects in Western Australia and the USA, administration expenses and general working capital.

9. RESOLUTION 13 – PLACEMENT – SHARES AND OPTIONS IN CONSIDERATION FOR SERVICES PROVIDED

9.1 General

Resolution 13 seeks Shareholder approval for the issue of up to 2,000,000 Shares, together with up to 9,000,000 Options to Pendulum (or their nominee), in consideration for corporate advisory services in respect of Resolutions 1, 2, 6, 8 and 12 (**Services**).

The Company has engaged the services of Pendulum Capital Pty Limited (ACN 108 119 848) (**Pendulum**), a licensed securities dealer (AFSL 280970), to manage its capital raising activities. In consideration for Pendulum's corporate services, the Company has agreed to pay a 6% fee of the amount raised to Pendulum and issue Pendulum such number of Options as equals 6% of the number of Shares issued pursuant to capital raisings managed by Pendulum.

A summary of ASX Listing Rule 7.1 is set out in section 1.1 above.

The effect of Resolution 13 will be to allow the Company to issue the Shares and Options pursuant to this Resolution during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

9.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of Shares and Options:

- (a) the maximum number of Shares to be issued is 2,000,000 and the maximum number of Options to be issued is 9,000,000;
- (b) the Shares and Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares and Options will occur progressively;
- (c) the issue price of the Shares and Options will be nil as they will be issued in consideration for the Services;
- (d) the Shares and Options will be issued to Pendulum (or their nominee), who is not a related party of the Company;
- (e) the Shares issued 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;
- (f) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (g) no funds will be raised from the issue as the Shares and Options are being issued in consideration for the Services.

10. RESOLUTION 14 – ISSUE OF OPTIONS TO EMPLOYEES AND CONTRACTORS

10.1 General

Resolution 14 seeks Shareholder approval for the issue of up to 10,000,000 Options to employees and/or contractors of the Company and/or its subsidiaries in consideration for services provided (**Issue**).

A summary of ASX Listing Rule 7.1 is set out in section 1.1 above.

The effect of Resolution 14 will be to allow the Company to issue the Options pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

10.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Issue:

- (a) the maximum number of Options to be issued is 10,000,000;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur progressively;
- (c) the issue price of the Options will be nil as they will be issued in consideration for the services provided to the Company and/or its subsidiaries;
- (d) the Options will be issued to employees and/or contractors of the Company and/or its subsidiaries, who are not related parties of the Company;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) no funds will be raised from the Issue as the Options are being issued in consideration for services provided to the Company and/or its subsidiaries.

11. RESOLUTION 15 – RATIFICATION OF PRIOR ISSUE – OPTIONS

11.1 General

On 7 April 2014, the Company issued 7,500,000 Options at an issue price of \$0.001 per Option to raise \$7,500.

Resolution 15 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Options (**Ratification**).

A summary of ASX Listing Rule 7.1 is set out in section 1.1 and ASX Listing Rule 7.4 is set out in section 8.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

11.2 Technical information required by ASX Listing Rule 7.4

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

- (a) 7,500,000 Options were issued;
- (b) the issue price was \$0.001 per Option;
- (c) the Options were issued on the terms and conditions set out in Schedule 4;
- (d) the Options were issued to clients of Pendulum. None of these subscribers are related parties of the Company; and
- (e) the funds raised from this issue were applied to exploration expenses, administration expenses and working capital.

GLOSSARY

\$ means Australian dollars.

5 Day VWAP means the volume weighted average price per Share calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made.

ASIC means the Australian Securities & 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.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Titan Energy Limited (ACN 109 213 470).

Convertible Note means either a fixed price convertible note on the terms and conditions set out in Schedule 3 or a variable price convertible note on the terms and conditions set out in Schedule 2 as the context requires.

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.

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

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

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

Shareholder means a registered holder of a Share.

Subsidiary means a subsidiary of the Company.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS EXPIRING ON 31 MAY 2015

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option entitles the holder to subscribe for one (1) Share upon the payment of \$0.04 per Share subscribed for.
- (b) The Options will lapse at 5.00pm, Western Standard Time on 31 May 2015.
- (c) The Company may, in its absolute discretion, apply for the Options to be listed for official quotation on the ASX in the future. In the event that the Options are listed for official quotation on the ASX in the future, the Company is under no obligation to maintain the listing and may take any action that may result in the delisting of the Options by the ASX.
- (d) If the Options are not quoted on the ASX, the Option holder must not offer any of the Options, or the Shares issued on exercise of the Options, for sale to any person (Secondary Offer) within 12 months from the respective date of issue of those Options or Shares (as applicable) unless:
 - (i) the Secondary Offer does not require disclosure as a result of sections 707 or 708 of the Corporations Act (excluding section 708(1) of the Corporations Act);
 - (ii) the Secondary Offer does not require disclosure as a result of section 708A or ASIC Class Order 04/671 or any variation or replacement of such Class Order;
 - (iii) the Secondary Offer is made pursuant to a disclosure document in accordance with the Corporations Act; or
 - (iv) the Secondary Offer is received by a person outside Australia.

For the avoidance of doubt, paragraph (d)(iii) does not create any obligation on the Company to issue a disclosure document (whether at its cost or otherwise).
- (e) There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to Shareholders during the currency of the Option.
- (f) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (g) The Options shall be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option Certification and payment to the Company for the subscription monies for the Shares. An exercise of only

some Options shall not affect the rights of the Option holder to the balance of the Options held by them.

- (h) The notice of exercise of Options may be deemed by the Company to be received at the end of the calendar month in which it is actually received and the Company shall comply with the ASX Listing Rules with respect to the allotment of resultant Shares and the issue of a statement of shareholding.
- (i) Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with the existing Shares of the Company in all respects.
- (j) The Company shall make an application to have those Shares allotted pursuant to an exercise of Options listed for official quotation by ASX.
- (k) If there is a bonus share issue to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.
- (l) There is no right to change the exercise price of the Options nor the number of underlying Shares over which the Options can be exercised, if the Company completes a pro rata issue.

SCHEDULE 2 – TERMS AND CONDITIONS OF VARIABLE PRICE CONVERTIBLE NOTES

The terms and conditions of each variable price Convertible Note are as follows:

Term	Details
Subscription Amount	\$1.00 each
Maturity Date	20 May 2015.
Interest	Interest accrues on a monthly basis at the rate of 9.25% per annum on the outstanding Subscription Amount.
Unsecured	Each Convertible Note will be unsecured and the Noteholders will rank equally with all other unsecured creditors of the Company.
Conversion	<p>The Variable Price Convertible Notes can only be convertible into Subscription Shares by the Noteholder providing the Company with written notice that the Noteholder elects to convert the Convertible Notes into Shares, such election made at any time prior to the Maturity Date.</p> <p>On conversion, each Convertible Note will convert into that number of Shares which, when multiplied by the issue price of \$0.05 per Share or 80% of the 5 day VWAP, whichever is lower (Issue Price), equals the outstanding Subscription Amount plus (subject to compliance with the ASX Listing Rules) any interest due and payable. Subject to and on conversion, the Company will issue the Noteholder one free Option exercisable at \$0.04 each and expiring on 31 May 2015 for every two Shares issued pursuant to the conversion of Convertible Notes.</p> <p>If, at any time prior to the conversion of the Convertible Note the issued capital of the Company is reorganised, the terms of the Convertible Note (e.g. the conversion rate) will be reorganised so as to ensure that the Noteholder will not be disadvantaged by the reorganisation in its position relative to Shareholders, but at the same time will not receive a benefit that Shareholders do not also receive.</p>
Redemption	<p>The Convertible Note can only be redeemed or converted in the following circumstances:</p> <p>(a) upon the Noteholder providing the Company with notice that the Noteholder intends to convert the Convertible Note; or</p> <p>(b) by repayment in cash automatically on the Maturity Date.</p>
Transferability	The Convertible Notes are transferrable.
Quotation	The Company will not apply for the Convertible Notes to be quoted.
No Participation or Voting Rights	The Noteholder will not have any voting rights prior to Conversion.
Governing Law	Western Australia, Australia.

SCHEDULE 3 – TERMS AND CONDITIONS OF FIXED PRICE CONVERTIBLE NOTES

The terms and conditions of each fixed price Convertible Note are as follows:

Term	Details
Subscription Amount	\$1.00 each
Maturity Date	21 May 2015.
Interest	Interest is payable on a monthly basis at the rate of 9.25% per annum on the outstanding Subscription Amount.
Unsecured	Each Convertible Note will be unsecured and the Noteholders will rank equally with all other unsecured creditors of the Company.
Conversion	<p>The Convertible Notes can only be convertible into Shares by either the Noteholder providing the Company with written notice that the Noteholder elects to convert the Convertible Notes into Shares or by the Company issuing a written notice that the Company elects to convert the Convertible Notes into Shares, such election being made at any time prior to the Maturity Date.</p> <p>On conversion, each Convertible Note will convert into that number of Shares which, when multiplied by the issue price of \$0.018 per Share (Issue Price), equals the outstanding Subscription Amount (subject to compliance with the ASX Listing Rules) (Subscription Shares). Subject to and on conversion the Company will issue the Noteholder one free Option exercisable at \$0.04 each and expiring on 31 May 2015 for every two Shares issued pursuant to the conversion of Convertible Notes.</p> <p>If, at any time prior to the conversion of the Convertible Note the issued capital of the Company is reorganised, the terms of the Convertible Note (e.g. the conversion rate) will be reorganised so as to ensure that the Noteholder will not be disadvantaged by the reorganisation in its position relative to Shareholders, but at the same time will not receive a benefit that Shareholders do not also receive.</p>
Redemption	<p>The Fixed Price Convertible Note can only be redeemed or converted in the following circumstances:</p> <p>(a) upon the Noteholder providing the Company with notice that the Noteholder intends to convert the Convertible Note; or</p> <p>(b) upon the Company providing the Noteholder with notice that the Company intends to convert the Convertible Note; or</p> <p>(c) by repayment in cash automatically on the Maturity Date.</p>
Transferability	The Convertible Notes are transferrable.
Quotation	The Company will not apply for the Convertible Notes to be quoted.

Term	Details
No Participation or Voting Rights	The Noteholder will not have any voting rights prior to Conversion.
Governing Law	Western Australia, Australia.

SCHEDULE 4 – TERMS AND CONDITIONS OF OPTIONS EXPIRING ON 15 OCTOBER 2014

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option entitles the holder to subscribe for one (1) Share upon the payment of \$0.03 per Share subscribed for.
- (b) The Options will lapse at 5.00pm, Western Standard Time on 15 October 2014.
- (c) The Company may, in its absolute discretion, apply for the Options to be listed for official quotation on the ASX in the future. In the event that the Options are listed for official quotation on the ASX in the future, the Company is under no obligation to maintain the listing and may take any action that may result in the delisting of the Options by the ASX.
- (d) If the Options are not quoted on the ASX, the Option holder must not offer any of the Options, or the Shares issued on exercise of the Options, for sale to any person (Secondary Offer) within 12 months from the respective date of issue of those Options or Shares (as applicable) unless:
 - (i) the Secondary Offer does not require disclosure as a result of sections 707 or 708 of the Corporations Act (excluding section 708(1) of the Corporations Act);
 - (ii) the Secondary Offer does not require disclosure as a result of section 708A or ASIC Class Order 04/671 or any variation or replacement of such Class Order;
 - (iii) the Secondary Offer is made pursuant to a disclosure document in accordance with the Corporations Act; or
 - (iv) the Secondary Offer is received by a person outside Australia.
- (e) For the avoidance of doubt, paragraph (d)(iii) does not create any obligation on the Company to issue a disclosure document (whether at its cost or otherwise).
- (f) There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to Shareholders during the currency of the Option.
- (g) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (h) The Options shall be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option Certification and payment to the Company for the subscription monies for the Shares. An exercise of only

some Options shall not affect the rights of the Option holder to the balance of the Options held by them.

- (i) The notice of exercise of Options may be deemed by the Company to be received at the end of the calendar month in which it is actually received and the Company shall comply with the ASX Listing Rules with respect to the allotment of resultant Shares and the issue of a statement of shareholding.
- (j) Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with the existing Shares of the Company in all respects.
- (k) The Company shall make an application to have those Shares allotted pursuant to an exercise of Options listed for official quotation by ASX.
- (l) If there is a bonus share issue to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.
- (m) There is no right to change the exercise price of the Options nor the number of underlying Shares over which the Options can be exercised, if the Company completes a pro rata issue.

TITAN ENERGY LTD (ACN 109 213 470) APPOINTMENT OF PROXY FORM

I/We

of:

being a Shareholder 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, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:30 am (WST), on 27 June 2014 at 31 Ord St, West Perth Western Australia 6005, and at any adjournment thereof. **The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Placement – Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Placement – Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Options to related party – Mr Paul Garner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Options to related party – Mr Darren Levy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Options to related party – Mr Andrew Van Der Zwan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Placement – Variable Price Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Variable Price Convertible Notes to related party Paul Garner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Placement – Fixed Price Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of Fixed Price Convertible Notes to related party Paul Garner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Issue of Fixed Price Convertible Notes to related party Darren Levy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Issue of Fixed Price Convertible Notes to related party Andrew Van Der Zwan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Ratification of prior issue – Fixed Price Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Placement – Shares and Options in Consideration for Services provided	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14	Issue of Options to employees and contractors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15	Ratification of prior issue – Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Important for Resolutions 4 and 10

If you have not directed your proxy how to vote as your proxy in respect of Resolutions 4 and 10 and the Chair is, or may by default be, appointed your proxy, you must mark the box below.

I/we direct the Chair to vote in accordance with his/her voting intentions (as set out above) on Resolutions 4 and 10 (except where I/we have indicated a different voting intention above) and acknowledge that the Chair may exercise my/our proxy even if the Chair has an interest in the outcome of Resolutions 4 and 10 and that votes cast by the Chair for Resolutions 4 and 10 other than as proxy holder, will be disregarded because of that interest.

If the Chair is, or may by default be, appointed your proxy and you do not mark this box and you have not directed the Chair how to vote, the Chair will not cast your votes on Resolutions 4 and 10 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 4 and 10.

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

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 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 Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's 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 Shareholder.
2. **(Direction to vote):** A Shareholder 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 Shares 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 Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders 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 pursuant to Section 250D of the Corporations Act 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 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.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

(c) post to Titan Energy Limited, 31 Ord Street, West Perth, WA 6005; or

(d) facsimile to the Company on facsimile number +61 8 9322 6722,

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.