



ASX Announcement

06 January 2016

Fairway Update – Partial Sale

- **Sale proceeds for Homar #1 well and associated tracts**

US-focused oil and gas producer, Target Energy Limited (“Target”) advises that it has completed a sale of its interests in the Homar well and associated leases in its West Texas Fairway project.

- The Company, through TELA Garwood Limited LP (a wholly-owned subsidiary of Target Energy Limited), held a 55.55556% Working Interest (WI) in the Homar #1 well and associated 100 acre tract and a 60% WI in the 160 acre Robb Tract (the “Robb Tract”).
- As previously advised, a cash offer was received for these interests along with a provision to pay additional consideration for those leases in the Robb Tract which the Operator can, prior to 1 April 2016, obtain an 18 month extension to the primary term of the lease. The final consideration received will be subject to the number of lease extensions actually obtained in the Robb Tract prior to 1 April 2016.
- Approval was secured for the sale from the Company’s Convertible Noteholders on 29 December 2015. The sale closed on 31 December 2015 and included additional consideration for 25% of the Robb leases for which lease extensions had already been secured. The net total received by Target was US\$747,555. Of that amount US\$497,555 was immediately applied to amounts outstanding to the operator and the balance of proceeds applied to the Company’s general working capital.
- Subject to additional lease extensions being received prior to 1 April 2016, up to a further US\$288,000 (before costs) will be paid to the Company. These will be applied in the first instance to remaining amounts outstanding to the operator.

ENDS

For and on behalf of TARGET ENERGY LIMITED

Managing Director

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