

ASX Announcement

7 October 2016

ASX Waiver Granted

The Company's Quarterly Report dated 29 July 2016 advised that directors have loaned a combined total of \$145,000 to the Company, secured by an equal second ranking interest over the Company's interest in the petroleum project located in Howard Country and Glasscock County, Texas USA, known as the Fairway Project ("Fairway Project").

Further to the Quarterly Report, the Company advises that ASX has granted a waiver from ASX Listing Rule 10.1 to the extent necessary to permit the Company to:

1. Grant security over its interest in the Fairway Project in favour of Little Breton Nominees Pty Ltd (ACN 008 813 956) as trustee for The CKG Rowe Family Trust A/C, Gunz Pty Limited (ACN 008 935 724) as trustee for the Gunz Superannuation Fund A/C and Petroe Exploration Services Pty Limited (ACN 081 252 780) as trustee for the Haaleroe Trust ("Lenders") ("Director Security") pursuant to security documents relating to loans from these parties totalling \$145,000 ("Director Loans") ("Security Documents"), without obtaining shareholder approval, on the following conditions.
 - a) The Security Documents include a term that if an event of default occurs and the Lenders exercise their rights under the Director Security, none of the Lenders nor any of their associates can acquire any legal or beneficial interest in an asset of the Company or its subsidiaries in full or part satisfaction of the Company's obligations under the Security Documents, or otherwise deal with the assets of the Company or its subsidiaries, without the Company first having complied with any applicable listing rules, including listing rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person) appointed by the Lenders exercising their power of sale under the Director Security and selling the assets to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to the Lenders in accordance with their legal entitlements.
 - b) A summary of the material terms of the Director Loans and Security Documents are made in each annual report of the Company during the term Director Security.

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- c) Any variation to the terms of the Director Loans or the Security Documents which are:
 - i. not minor changes; or
 - ii. inconsistent with the terms of the waiver,must be subject to shareholder approval.

- d) The Company must seek to discharge the Director Security when the funds advanced under the Director Loans are repaid, or if it is not discharged, seek shareholder approval for the continuation of the Director Security for any further loan amount.

- e) The Company immediately releases to the market an announcement which sets out the terms of the waiver, and the Company's plans with respect to the repayment of the funds advanced under the Director Loans and the discharge of the Director Security, including the timeframe within which it expects the repayment and discharge to occur.

Pursuant to e) above, the Company advises that it plans to repay the funds advanced under the Director Loans and discharge the Director Security once a sale of the Fairway Project is completed. The Company is currently conducting a sale process in the USA in conjunction with an investment advisor. Bids are currently due by no later than 7 October 2016.

ENDS

For and on behalf of TARGET ENERGY LIMITED

A handwritten signature in black ink, appearing to be "Rowan Caren".

Rowan Caren
Company Secretary