

ASX Announcement

18 October 2016

Fairway Divestment Update

US-focused oil and gas producer, Target Energy Limited (“Target”) provides the following update:

- Fairway Divestment**

Earlier in the year Target Energy Limited engaged global investment bank Canaccord Genuity (“Canaccord”) as adviser to the divestment of the Fairway Project (“Fairway”) in the Permian Basin, Texas. The Fairway properties were later included in a larger combined package, improving the overall marketability of the aggregated properties.

Bids for the combined package were due on 7 October 2016. While Canaccord and the divesting partners have since agreed to extend the bidding process for a further 4 weeks in order to attract additional bids, a number of bids have been received, including a cash offer for all properties in the package. The offer was accompanied by a Letter of Intent and remains subject to the bidder securing suitable finance and the receipt of any required regulatory approvals. The bidder, a private Texas-based firm, is continuing its due diligence program while Canaccord and the divesting parties review the bid in detail.

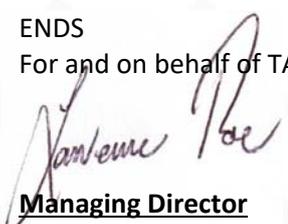
While this process is underway and until such time as the bidder and the divesting partners successfully conclude the drafting of a Purchase and Sale Agreement (PSA), the partners will continue to solicit offers from additional interested parties. No offer has been accepted by Target and its divesting partners at this stage.

Target’s Managing Director, Laurence Roe, commented: “We are pleased with the progress so far, but as always there is more work to be done. In the coming days, Target expects to review the bid with our partners and we will seek confirmation as soon as possible that the bidder’s financing is in place.

“We will advise the market as these matters develop.”

ENDS

For and on behalf of TARGET ENERGY LIMITED



Managing Director

Corporate information

ASX Code: TEX
OTCQX Code: TEXQY

Board of Directors

Chris Rowe, Chairman
Laurence Roe, Managing Director
Stephen Mann, Director

Rowan Caren, Company Secretary

ABN

73 119 160 360

Contact details

6 Richardson St, Suite 5
West Perth WA 6005
Tel: +61 8 9476 9000

1900 St James Place, Suite 425
Houston Tx 77056

USA

Tel: +1 713 275 9800

E: admin@targetenergy.com.au

W: www.targetenergy.com.au
www.targetenergyusa.com

Media Inquiries:

Australia

Laurence Roe
Managing Director (Perth)
+61 8 9476 9000 office

laurence.roe@targetenergy.com.au

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.