

ASX Announcement

16 March 2017

Corporate Update

Target Energy Limited (“Target”) is pleased to advise that it has reached agreement with a key investor to secure additional funding as part of the Company’s planned recapitalisation program.

InvestMet

- Target has executed a Terms Sheet with Perth-based InvestMet Ltd (“InvestMet”), whereby InvestMet will provide a debt facility of up to \$1,000,000, with an option to extend the facility by a further \$1,000,000. In addition, InvestMet will participate in and underwrite a proposed share placement at no less than \$0.0025 per share to raise a further \$645,000. This placement is to be completed under Target’s placement capacity and does not require shareholder approval.
- The InvestMet debt facility will carry a 10% per annum interest rate, payable quarterly in arrears. Payment of interest may be made in shares at the Company’s election and as required, subject to shareholder approval. Target will also issue to InvestMet 25 million options at \$0.0025 (1 year term) and 25 million options at \$0.0035 (2 year term), subject to shareholder approval. It is also proposed that the debt facility will be secured.

Both the debt facility and the placement are subject to documentation and final approvals, and expected to be drawn in early April 2017, subject to securing prior approval from Target Energy Convertible Noteholders. The Company is calling a meeting of Noteholders for 29 March 2017 to, amongst other matters, seek approval to defer the Maturity Date of the notes for 12 months to 31 March 2018 and to allow the InvestMet debt facility security to rank ahead of Noteholders. A Notice of Meeting will be despatched to the Company’s Noteholders in the coming days.

Target Managing Director Laurence Roe also commented, “I believe the participation of InvestMet in this program sends a strong and positive message and will be well received by shareholders and noteholders alike.

“The new funding will allow us to manage or retire debt owed to the Fairway operator and provide working capital for Target to contemplate additional workover operations at Fairway to improve production and cash-flow which in turn will assist in the marketing of the Fairway asset. It remains the Company’s belief that there is substantial value in its West Texas assets and that with

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

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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.



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activity once again increasing in the Permian Basin the Company will be able to complete its planned divestment of the Fairway properties at prices approaching those supported by the 2016 independent reserves valuation.”

We look forward to receiving the support of noteholders to allow this recapitalisation to happen and to maximise the likelihood of noteholders recouping their full investment.”

InvestMet is a Company controlled by Michael Fotios, a prominent resources investor with a strong track record of executing turnaround strategies and creating shareholder value. Following the completion of the placement, InvestMet will be Target’s largest shareholder.

InvestMet Executive Chairman, Michael Fotios said, “I am confident that we can be instrumental in revitalizing Target Energy. The Fairway Project in the prolific Permian Basin has significant upside and there is substantial progress that can be achieved there without having to drill any new wells. Further, we will look to take advantage of some of the very interesting opportunities in the upstream energy sector and (if required) beyond.”

The Company will keep shareholders informed of any developments in respect of this matter.

ENDS

For and on behalf of TARGET ENERGY LIMITED

A handwritten signature in dark ink, appearing to read "Nanette Roe".

Managing Director