

ASX Announcement

1 May 2017

ASX Waiver Granted

Further to the Company's announcement dated 16 March 2017, the Company is seeking to finalise a recapitalisation with the assistance of InvestMet Limited. The InvestMet funding package will include a debt facility which is to be secured by an equal first 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").

The Company has previously announced that ASX has granted waivers in respect of previous financings also secured over the Fairway Project. These previous waivers were granted by ASX Limited ("ASX") dated 17 October 2014, 6 October 2016 and 23 November 2016.

In order to allow the InvestMet loan to proceed, the previous waivers have been rescinded and replaced by ASX, on the following terms.:

"DECISION

The decisions made by ASX Limited ("ASX") dated 17 October 2014, 6 October 2016 and 23 November 2016, in relation to waivers granted to Target Energy Limited ("the Company") be rescinded and replaced as follows:

1. Based solely on the information provided, ASX grants the Company a waiver from listing rule 10.1 to the extent necessary:
 - 1.1. To permit the Company not to seek shareholder approval in relation to the security 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") in favour of Wyllie Group Pty Limited ("Wyllie Group") (or its nominee) (the "Wyllie Security") pursuant to appropriate security documents ("Security Documents") related to a convertible note agreement ("Convertible Note Agreement") under which Wyllie Group will subscribe for 60,000,000 new convertible notes with a face value of \$0.05 per convertible note, to raise \$3,000,000 ("New Convertible Notes"), without obtaining shareholder approval on the following conditions.
 - 1.1.1. The Security Documents include a term that if an event of default occurs and Wyllie Group exercises its rights under the Wyllie Security, neither Wyllie Group nor any of its associates can acquire any legal or beneficial interest in an asset of the

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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Company in full or part satisfaction of the Company's obligations under the Convertible Note Agreement or the Security Documents, or otherwise deal with the assets of the Company, 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 and manager (or any other person acting on behalf of Wyllie Group) appointed by Wyllie Group exercising its power of sale under the Wyllie Security and selling the assets to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to Wyllie Group in accordance with its legal entitlements.

- 1.1.2. A summary of the material terms of the Convertible Note Agreement and the Security Documents is made in each annual report of the Company during the term of the Convertible Note Agreement and the Security Documents.
 - 1.1.3. Any variations to the terms of the Convertible Note Agreement or Security Documents or the Wyllie Security which is:
 - 1.1.2.1 not a minor change; or
 - 1.1.2.2 inconsistent with the terms of the waiver, must be subject to shareholder approval.
 - 1.1.4. The Company must seek to discharge the Wyllie Security when the New Convertible Notes are converted or repaid in full, or if it is not discharged, seek shareholder approval for the continuation of the Wyllie Security for any further period.
 - 1.1.5. 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 conversion or repayment of the New Convertible Notes and the discharge of the Wyllie Security, including the timeframe within which it expects conversion or repayment and discharge to occur.
- 1.2. To permit the Company not to seek shareholder approval in relation to the 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 ("First

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Lenders”) (“First Director Security”) pursuant to security documents relating to loans from these parties totalling \$145,000 (“First Director Loans”) (“First Security Documents”), without obtaining shareholder approval, on the following conditions.

- 1.2.1 The First Security Documents include a term that if an event of default occurs and the First Lenders exercise their rights under the First Director Security, none of the First 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 First 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 First Lenders exercising their power of sale under the First 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 First Lenders in accordance with their legal entitlements.
- 1.2.2 A summary of the material terms of the First Director Loans and the First Security Documents are made in each annual report of the Company during the term First Director Security.
- 1.2.3 Any variation to the terms of the First Director Loans or the First Security Documents which are:
 - 1.2.3.1. not minor changes; or
 - 1.2.3.2. inconsistent with the terms of the waiver, must be subject to shareholder approval.
- 1.2.4 The Company must seek to discharge the First Director Security when the funds advanced under the First Director Loans are repaid, or if it is not discharged, seek shareholder approval for the continuation of the First Director Security for any further loan amount.
- 1.2.5 The Company immediately releases to the market an announcement which sets out the terms of the waiver, and

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the Company's plans with respect to the repayment of the funds advanced under the First Director Loans and the discharge of the First Director Security, including the timeframe within which it expects the repayment and discharge to occur.

- 1.3. To permit the Company not to seek shareholder approval in relation to the security over its interest in the Fairway Project in favour of Little Breton Nominees Pty Ltd as trustee for Little Breton Superannuation Fund A/C, Gunz Pty Limited as trustee for the Gunz Superannuation Fund A/C and Wyllie Group Pty Ltd ("Second Lenders") ("Second Security") pursuant to security documents relating to loans from these parties totalling \$295,000 ("Second Loans") ("Second Security Documents"), without obtaining shareholder approval, on the following conditions.
 - 1.3.1. The Second Security Documents include a term that if an event of default occurs and the Second Lenders exercise their rights under the Second Security, none of the Second 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 Second 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 Second Lenders exercising their power of sale under the Second 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 Second Lenders in accordance with their legal entitlements.
 - 1.3.2. A summary of the material terms of the Second Loans and the Second Security Documents are made in each annual report of the Company during the term of the Second Security.
 - 1.3.3. Any variation to the terms of the Second Loans or the Second Security Documents which are:

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- 1.3.3.1. not minor changes; or
- 1.3.3.2. inconsistent with the terms of the waiver, must be subject to shareholder approval.
- 1.3.4 The Company must seek to discharge the Second Security when the funds advanced under the Second Loans are repaid, or if it is not discharged, seek shareholder approval for the continuation of the Second Security for any further loan amount.
- 1.3.5 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 Second Loans and the discharge of the Second Security, including the timeframe within which it expects the repayment and discharge to occur.

Pursuant to 1.1.5, 1.2.5 and 1.3.5 above, the Company advises that it plans to repay the funds advanced under the Convertible Note Agreement, the First Director Loans and the Second Loans and discharge the Wyllie Security, the First Director Security and the Second 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. The Company intends to complete the process during 2017.

ENDS

For and on behalf of TARGET ENERGY LIMITED

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

Rowan Caren
Company Secretary