



ASX Announcement

6 November 2014

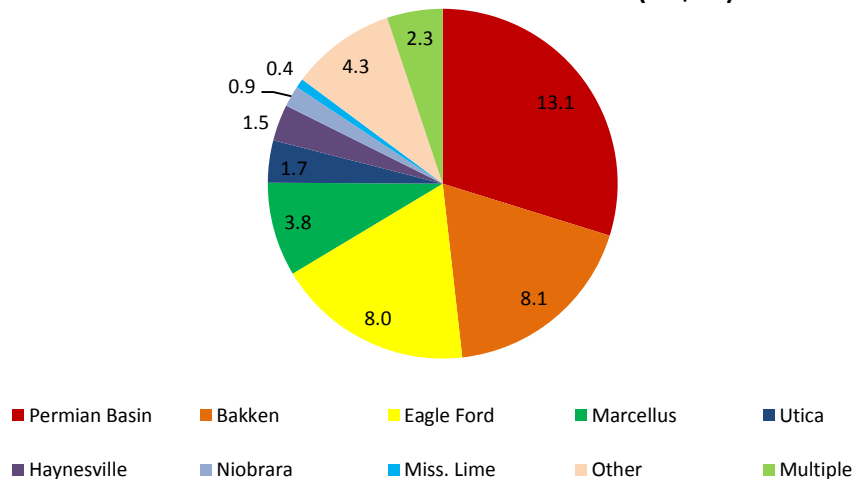
Permian Basin Merger and Acquisition Update

- Short list of advisers determined to assist in Target's divestment of its Permian Basin, Fairway Project
- Permian Basin merger and acquisition activity remains strong

Target Energy Limited ("Target") is pleased to advise that it has agreed with its partners on a short list of advisers to facilitate the divestment of the Fairway Project ("Fairway") in the Permian Basin, Texas. Target will work with a selected adviser over the coming months to assemble a data room, market Fairway and negotiate with counterparties with the aim of divesting Fairway in early 2015.

In the year to 30 September 2014, the Permian Basin accounted for 30% of all the US unconventional oil & gas merger and acquisition activity:

2014 Value of US Unconventional Deals (US\$bn)



The Permian Basin is distinguished by multiple, thick oil-bearing horizons and excellent access to infrastructure and contractors. The combination of favourable geology with modern drilling and completion technologies is yielding highly productive wells, enhanced oil and gas recoveries, strong economic returns and this is leading to high levels of merger and acquisition activity.

Corporate information

ASX Code: TEX
OTCQX Code: TEXQY

Board of Directors

Chris Rowe, Chairman
Laurence Roe, Managing Director
Stephen Mann, Director
Ralph Kehle, Chairman TELA (USA)

Rowan Caren, Company Secretary

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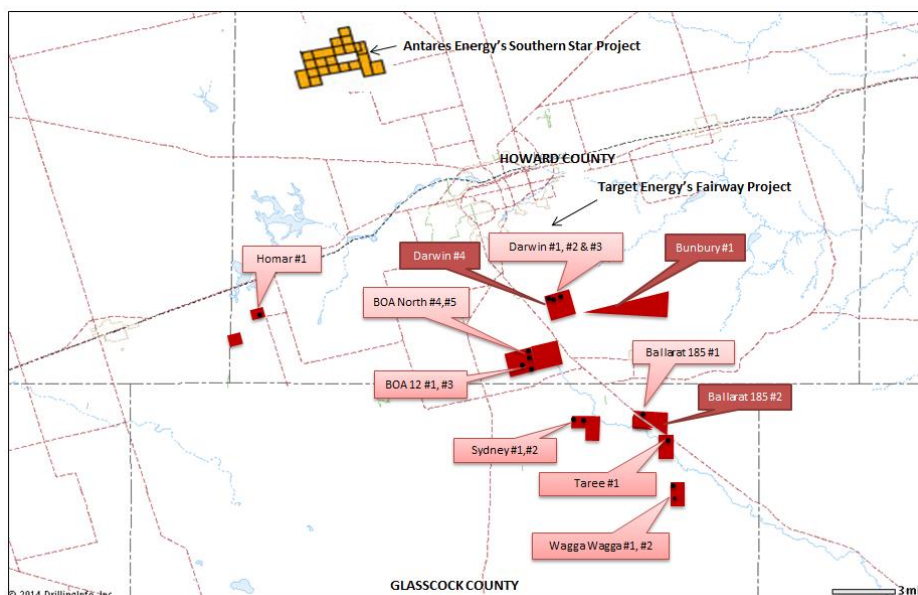
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Comparative deals

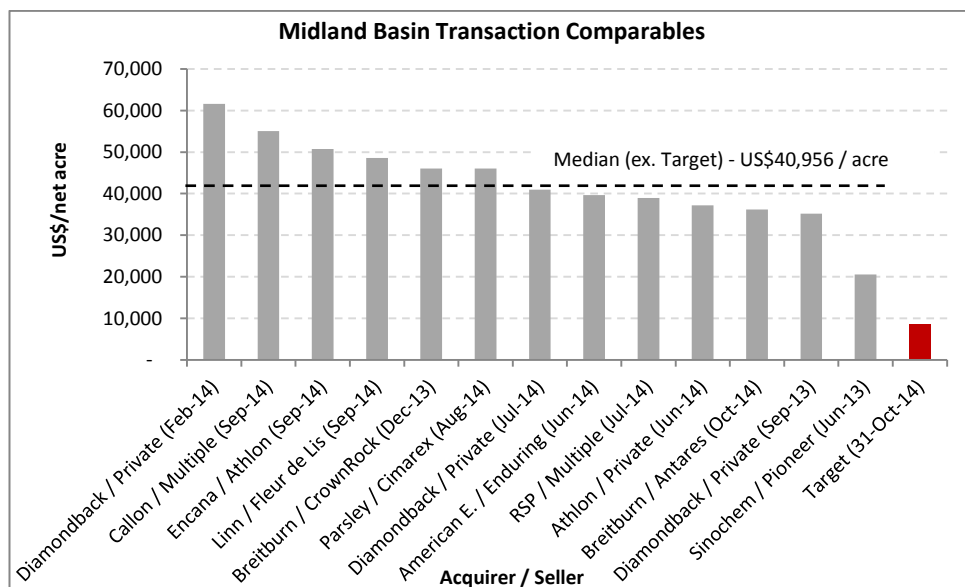
There have been many deals which offer good transaction comparables for Target's Fairway Project. The most recent deal was in October 2014 when Antares Energy, an ASX listed peer of Target, announced it had agreed to sell its Southern Star Project in Howard County, in the Permian Basin, to Breitburn Energy Partners LP. for a cash and share consideration of US\$134m (based on 12 month VWAP of Breitburn common units). The deal gave a valuation equal to \$36,175 per acre, versus Target's current EV per acre of \$8,635. As seen below, Target's Fairway leases are in close proximity to the 4,600 gross acre Southern Star Project and are of a similar size (4,483 gross acres).



As shown below, valuation metrics of recent deals in the Midland Basin, a sub-basin of the Permian Basin in which Target holds its assets, have continued to be strong.

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Notes:

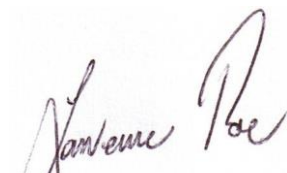
1. Target's EV/ acre metric is calculated based on the closing share price on 31 October 2014 (A\$0.045) and using an AUD:USD exchange rate of 0.88. The calculated multiple does not include a premium for control, which may be realised in some of the other transactions listed
2. All transaction metrics have been compiled using public filings

Target's Managing Director, Laurence Roe, commented: "Continued high levels of activity and success in the Permian Basin have seen the merger and acquisition market remain very active in 2014.

"We look forward to progressing the divestment of Fairway with our appointed adviser and will keep shareholders informed of any material developments along the way."

ENDS

For and on behalf of TARGET ENERGY LIMITED



Laurence Roe
Managing Director