



ASX Announcement

27 April 2015

Partially Underwritten Rights Issue

- Renounceable pro-rata entitlement issue to raise up to approximately \$5.0m, with approximately \$2.9m of underwriting secured
- Directors to sub-underwrite approximately \$1.3 million of the entitlement issue and further \$1.4 million of commitments have been received from shareholders
- Target's major shareholder, Wyllie Group Limited, has committed to participate for its full entitlement \$0.45m.
- Rights issue priced at a 68% discount to 30 day volume weighted average price¹ with one free listed option for every two shares issued to encourage shareholder participation
- Divestment of the West Texas Fairway Project is still planned however Target will seek to sell into a stronger market
- Fairway oil and gas production remains operating cash flow positive at current oil prices²
- Target continues to hold a large working interest in 4,483 acres in the most coveted and prolific hydrocarbon basin in the United States with multiple, thick, oil bearing horizons

US-focused oil and gas producer, Target Energy Limited (**Target**), advises that it is undertaking a renounceable pro-rata entitlement issue (**Entitlement Issue**) to raise up to approximately A\$5m.

Eligible shareholders will be able to subscribe for 5 new fully paid ordinary shares in Target (**Shares**) for every 3 existing Shares they hold at the Record Date (as set out in the timetable below) at an issue price of A\$0.006 per share, together with one free attaching option to acquire a Share for every two Shares issued (**New Option**). The New Options will have an exercise price of \$0.012 and an expiry date of 28 February 2017.

Patersons Securities Limited (**Patersons**) has agreed to underwrite the first \$2.9m raised under the Entitlement Issue. Directors have agreed to convert their existing loans into Shares and New Options as part of the Entitlement Issue, thereby retiring over \$640,000 in company debt.

¹ Shares in Target Energy Limited have not traded since 31 March 2015 due to a trading halt and voluntary suspension. The volume weighted average price is calculated on the 30 trading days to 31 March 2015. The last traded price on the 31 March was \$0.013.

² Operating cash flows defined as net revenues (after royalties) less field operating costs. Does not include general and administration costs. Current WTI benchmark oil prices are US\$56/bbl.

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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Funds raised from the Entitlement Issue will be used to address payables, provide working capital and to potentially allow the Company to undertake an asset optimisation program.

For more details on the Entitlement Issue please refer to the table of key dates to follow and the Entitlement Issue prospectus which will be despatched to eligible shareholders in accordance with the proposed timetable.

Target's Managing Director, Laurence Roe commented, "We originally invested in the Fairway asset because of the excellent geology and access to infrastructure in the Permian Basin. We committed a significant amount of the Company's resources in the development of Fairway to grow production, cash flows and reserves but also to position the Fairway asset for a divestment."

"Earlier this year Target and its partners made the decision to defer the divestment until oil prices recover or until such time as we receive a suitable offer. It is our belief that commodity prices are beginning to recover and if that recovery continues, we should have a better market in which to sell the Fairway asset."

"In the meantime, we are pleased to have secured a solid underwriting from which to launch this Entitlement Issue and I wish to thank our underwriter, a number of our Top 20 shareholders and my fellow directors and staff for their strong support."

ENDS

For and on behalf of TARGET ENERGY LIMITED

A handwritten signature in purple ink, appearing to read "Laurence Roe".

Laurence Roe
Managing Director

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Key Dates for Entitlement Issue

| Event | Date |
|---|---------------|
| Lodgement of Prospectus with the ASIC | 24 April 2015 |
| Lodgement of Prospectus & Appendix 3B with ASX | 24 April 2015 |
| Notice sent to Shareholders | 28 April 2015 |
| Ex date | 29 April 2015 |
| Rights start trading | 29 April 2015 |
| Record Date for determining Entitlements | 1 May 2015 |
| Prospectus sent out to Shareholders & Company announces this has been completed | 6 May 2015 |
| Rights stop trading | 8 May 2015 |
| Shares and New Options quoted on a deferred settlement basis | 11 May 2015 |
| Last day to extend the Offer* | 12 May 2015 |
| Closing Date | 15 May 2015 |
| ASX notified of under subscriptions | 19 May 2015 |
| Issue date/Shares and New Options entered into Shareholders' security holdings | 21 May 2015 |
| Quotation of Shares and New Options issued under the Offer* | 22 May 2015 |

* This timetable is indicative only and may be subject to change. The Directors can extend the Closing Date by giving at least 3 Business Days notice to ASX prior to the Closing Date.