



ASX Announcement

13 December 2010

Target Energy Announces \$3.6M Capital Raising & Appointment of Experienced Directors

Highlights

- Two-stage Capital Raising for \$3.6 million to support new exploration and acquisitions
- Investmet Ltd assists Target as New Investors take strategic stake
- Experienced new appointments to Australian and US boards

CAPITAL RAISING

US-focussed oil and gas exploration and production company, Target Energy Limited ("Target") (**ASX:TEX**) is pleased to announce a two-stage capital raising to raise approximately \$3.6 million via a two-tranche placement and a fully underwritten rights issue. Target will be assisted by Investmet Limited ("Investmet") in the process. Investmet will also act as underwriter for the proposed rights issue.

Funds received from the raising will be used principally to continue the Company's exploration and development programs and to pursue potential acquisitions. The remainder will be utilised as working capital.

Stage 1 involves a two-tranche placement to raise \$2.73 million via the issue of 91,000,000 fully paid ordinary shares at an issue price of \$0.03 per share and 91,000,000 attaching options. The placement will be made to sophisticated investors and the funds raised will be pursuant to the "excluded offer" provisions (Section 708) of the Corporations Act, 2001.

Stage 2 will be via a fully underwritten 1:8 pro rata non-renounceable rights issue to shareholders. This offer will raise approximately \$930,000.

RAISING DETAILS

The first tranche placement will raise approximately \$705,000 via the issue of 23.5 million shares at a price of 3.0 cents per share and 23.5 million free attaching options. 7.83 million options will be exercisable at 5.0 cents until 31st

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Corporate information

ASX Code
TEX

Board of Directors
Chris Rowe, Chairman
Laurence Roe, Managing Director
Paul Lloyd, Director
Mike Martin, Director

Rowan Caren, Company Secretary

ABN Number
73 119 160 360

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Overview of activities
Target is exploring and producing a suite of highly prospective oil and gas projects in the USA.
Target has interests in six production wells.



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March 2012, 7.83 million will be exercisable at 7.0 cents until 31st March 2013 and the balance of the options will be exercisable at 10.0 cents until 31st March 2014. The issue of the options will be subject to shareholder approval.

The second tranche placement will raise approximately \$2,025,000 via the issue of 67.5 million shares at a price of 3.0 cents per share and 67.5 million free attaching options. 22.5 million options will be exercisable at 5.0 cents until 31st March 2012, 22.5 million will be exercisable at 7.0 cents until 31st March 2013 and the balance of the options will be exercisable at 10.0 cents until 31st March 2014. The issue of the shares and options will be subject to shareholder approval.

The Rights Issue will raise approximately \$900,000 and will be offered on the basis of one new share at an application price of 3.0 cents per share and one free attaching option for every eight shares held. One-third of the options will be exercisable at 5.0 cents until 31st March 2012; one-third will be exercisable at 7.0 cents until 31st March 2013 and the balance of the options will be exercisable at 10.0 cents until 31st March 2014. The Rights Issue will be fully underwritten by Investmet Limited.

The Company will apply for quotation of the new shares on the ASX and a General Meeting will be held to seek relevant shareholder approvals. Details of the timetable will be announced as soon as they become available.

ABOUT INVESTMET

Investmet is an unlisted public company managed by experienced industry professionals and supported by private high net worth investors (including its directors and management). It was created to pursue a variety of investment opportunities in resource projects with strong future demand growth and to incubate, develop and enhance the value of these investments through financial, technical and corporate support. Investmet is managed by Executive Chairman Michael Fotios, who is a geologist specialising in economic and structural geology, with extensive experience in exploration throughout Australia and overseas.

In the last 18 months Investmet has assisted and taken strategic positions in ASX-listed Northern Star Resources Ltd and Pegasus Metals Ltd. Both of these Companies have since acquired new projects and enjoyed considerable success following the involvement of Investmet.



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APPOINTMENT OF DIRECTORS

Graham Riley

Target is pleased to advise that highly regarded oil and gas professional Mr. Graham Riley has accepted an invitation to join the Target Energy board in a non-executive role. Mr. Riley will succeed founding director Mr. Paul Lloyd who is stepping down from the board.

A founding Director of ARC Energy and former non-executive director of Adelphi Energy, Graham is a qualified legal practitioner (B Jur, LLB).

Graham has been responsible for the foundation and growth of a number of petroleum and mining companies and is currently Chairman of Buru Energy, an ASX-listed oil and gas exploration company and of Giralia Resources, a diversified mining and exploration company which has been responsible for the spin-off of five independently listed commodity-specific explorers from the extensive project book it had built over recent years.

Graham, who also holds private petroleum interests in the US, brings a wealth of experience to the Target board through his involvement with a number of other oil and gas companies and other resource industry directorships and has a proven record of assisting to generate value for shareholders.

Stephen Mann

Subject to the shareholder confirmation of the planned placement, the Company will appoint Mr. Stephen Mann as a non-executive director of Target Energy Limited.

Stephen will bring a wealth of investment experience to the Target board. He is a Fellow of the Institute of Chartered Accountants of Australia and has more than 30 years of experience in public practice. He was a partner in BDO Chartered Accountants and Advisers (Perth) for 22 years with the last 11 years in the role of managing partner. Stephen established the Corporate Finance division of BDO Perth and was the partner in charge of this division until he retired from practice in 2003. Since 2003, Stephen has acted as the chief financial officer and more recently as a consultant to the Nacap Asia Pacific Group. (A large Dutch Group that specialises in the construction of oil and gas pipelines). He is also the Chairman of Pegasus Metals Ltd and a Director of Investmet Limited.



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Professor Ralph Kehle

The Company advises that Professor Ralph Kehle has agreed to join the board of Target's US-based subsidiary, TELA (USA), Inc. Ralph, who is based in Durango, Colorado, has substantial experience in the US and international oil and gas sectors and brings a wealth of experience to the Company.

Professor Kehle has been engaged in the oil and gas business for 48 years and has to his credit the discovery and development of a 300+ Billion cubic feet (Bcf) extension to the Coleman North Gas Field in Alberta, Canada, the discovery of the 200+ Bcf Guerra Field and the 15 million barrel Stockyard Oil Field, both in Texas. During his career he has served as CEO and Chairman of Hershey Oil Corp., Senior Vice President, Exploration of American Exploration Company (both publicly listed), and founded TKA Exploration and of OilTex International Ltd - now Enerplus, listed on the Toronto Exchange.

He has previously served as a director of EPIC Geophysics, Inc. a seismic processing company, Aerodata (now Fugro), an Airborne geophysical company, and Stevens & Tull, LLC, a petroleum exploration and production company. Professor Kehle obtained a B.S. with honors as well as an M.S. from the California Institute of Technology, 1956 and 1957 and a PhD. from the University of Minnesota, 1961. He also served as Associate Professor of Geological Sciences, University of Texas (Austin), and has had various positions in affiliates of Standard Oil Company, New Jersey (Exxon), where among other contributions he was co-inventor of the Super Frac.

Currently Ralph is President of Eichen Petroleum Management, Inc. - manager of two oil and gas investment partnerships, Avalon Oil Company and Hermosa Energy Partners. He also serves as advisor to G-4 Resources, Inc.

Ralph will be joined on the TELA (USA) Inc. board, by Target founding director, Mr. Michael Martin, who will step down from the Target Energy board to accept this position.



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Commenting on the board changes, Target Managing Director, Laurence Roe, said: "Firstly I would like to pay tribute to Mr. Lloyd. From the very beginning of Target Energy, Paul has materially and consistently contributed to the advancement of the Company. The board thanks him for his efforts and wishes him well in his endeavours.

"Graham Riley is already well known to many in the Australian oil and gas sector through his involvement in a number of highly successful companies. We're delighted to have him join us. Similarly, we are pleased to welcome Stephen Mann, who will bring his considerable corporate and financial expertise to the board.

"In the US, I was very happy when Ralph Kehle agreed to accept a position on the board of our US subsidiary. Ralph is very highly regarded in the sector and his considerable expertise will add substantial value to our American operations.

"In addition to these very positive changes, we are pleased to have Investmet assist Target in its financial endeavours. Investmet has an extremely strong track record and we look forward to continuing to work with them.

"Turning to our technical program, we have just announced our entry into the Buffalo project in South Texas. We expect to test this resource-play concept quite soon with our first frac. While there is potentially a lot of work to be done, this is a project that, if successful, should have a significant impact on this company.

"Finally, the Company is still progressing discussions for other project acquisitions it has identified and will keep the market informed as matters progress."

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

For and on behalf of
TARGET ENERGY LIMITED

Laurence Roe
Managing Director

NOTE: In accordance with ASX Listing Rules, any hydrocarbon reserves and/or drilling update information in this report has been reviewed and signed off by Mr Laurence Roe, B Sc, Managing Director of Target Energy, who is a member of the Society of Exploration Geophysicists and has at least 5 years experience in the sector. He consents to that information in the form and context in which it appears.

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