

ASX Announcement

3 July 2017

Capital Raising Completed

Further to Target Energy Limited's ("Target") announcement dated 22 March 2017, the Company is pleased to advise that InvestMet Limited ("InvestMet") has now completed the provision of funds comprising the first phase of the Recapitalisation program.

Subsequent to the completion of the transaction agreement and in accordance with the terms and conditions of the funding package, Target had called upon approximately \$1.64m of funding from InvestMet and from parties to be introduced by InvestMet. The funds are required to pay creditors, outstanding monies owed to the operator of the Fairway project, Trilogy Operating, Inc ("Trilogy") and for working capital.

The InvestMet funding package includes a placement and a debt facility.

The placement has raised a total of \$644,500. InvestMet has subscribed for \$234,500, being 93,800,000 shares at an issue price of \$0.0025, which represents a premium of approximately 70% to Target Energy's VWAP over the past 10 days. The balance of the placement (\$410,000) is being taken up by other parties. An Appendix 3B in relation to the placement is to be issued separately.

The debt facility of \$1,000,000 also includes provision for a further \$1,000,000 subject to certain conditions being satisfied, and is secured by an equal first ranking interest over the Company's interest in the petroleum project located in Howard County and Glasscock County, Texas USA, known as the Fairway Project ("Fairway Project").

The InvestMet loan bears a 10% per annum interest rate and is repayable on 31 March 2018.

As a result of these changes, the priorities between the secured parties in relation to their respective security interests over the Fairway Project is now as set out below:

Ranking	Security Holder	Amount (AUD)
Equal First	InvestMet	\$1,000,000
Equal First	Wyllie and Director Secured Loans November 2016	\$305,000 ¹
Second	Series 1 Convertible Notes	\$5,971,100 ²

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

ABN

73 119 160 360

Contact details

6 Richardson St, Suite 5
West Perth WA 6005
Tel: +61 8 9476 9000

1900 St James Place, Suite 425
Houston Tx 77056
USA
Tel: +1 713 275 9800

E: admin@targetenergy.com.au

W: www.targetenergy.com.au
www.targetenergyusa.com

Media Inquiries:

Australia

Laurence Roe
Managing Director (Perth)
+61 8 9476 9000 office

laurence.roe@targetenergy.com.au

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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Equal Third	Series 2 Convertible Notes (Wyllie Group)	\$3,000,000 ²
Equal Third	Directors' Secured Loans June/July 2016	\$145,000 ¹

1. Secured Lenders, Wyllie Group and the director-related entities, have agreed to extend the repayment dates of the secured loans out to 31 March 2018.
2. All convertible noteholders have agreed to extend the repayment dates of the convertible notes out to 31 March 2018 and have agreed to an interest rate standstill during the extension period.

Target will apply part of the proceeds to repaying the balance payable to the operator of the Fairway Project, Trilogy Operating Inc. As previously announced, Trilogy has demanded repayment of the balance owing. As at 31 May 2017 the balance owing was US\$774,382.

Target's Managing Director, Laurence Roe stated, "We are pleased to complete this phase of the recapitalization. The combination of the new funding from InvestMet and others and the extensions granted by existing lenders and noteholders provides Target with an opportunity to secure a sale of the Fairway asset in an orderly way for the benefit of all creditors and shareholders."

ENDS

For and on behalf of TARGET ENERGY LIMITED

A handwritten signature in purple ink, reading "Laurence Roe".

Laurence Roe
Managing Director