ASX Announcement

30 September 2015

Target Energy
30 June 2015 Reserves Update

- **Proven Reserves of 0.27 million barrels of oil equivalent (MMBOe)**
- **Proven and Probable reserves of 0.51 MMBOe**
- **Total Reserves and Resources of 1.56 MMBOe**

Target Energy Limited's ("Target") 30 June 2015 proven oil reserves have been assessed at 0.27 million barrels of oil equivalent (MMBOe), with total Proved, Possible and Probable Reserves assessed at 0.51 MMBOe, according to recent independent Reserves Estimates.

The Reserves Estimates, effective 30 June 2015, encompass the Company's interests in its Texas and Louisiana oil and gas producing properties.

Commenting on the results, Target Energy's Managing Director Laurence Roe said: "The Company notes the reduction in reserves in comparison to 2014. While this is primarily a consequence of the drop in oil prices, we also note that in a number of Fairway wells, there are additional pay zones that are yet to be completed for production and thus have not been able to be included in the reserves as there are no local analogs.

"In addition, as noted by the auditor, Target also has significant additional acreage in the Fairway area for additional development, however many of these potential locations are too far removed from existing wells to be assigned reserves. Despite the very challenging times, the Company continues to consider a range of options to add value to its assets."

The Reserves Reports were commissioned by Target and conducted by Texas-based independent consultants T.J. Smith & Company, Inc. ("TJSCO": Fairway and East Chalkley Projects) and Harper & Associates, Inc. ("Harper": Section 28 and Merta Projects) in accordance with the definitions and guidelines set out in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers. A summary of the results is shown as Table 1 (below) with further details included in the Appendices.

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 Number
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

Media Inquiries:

Australia
Laurence Roe
Managing Director
+61 8 9476 9000
laurence.roe@targetenergy.com.au

ASX Announcement

30 September 2015

Category	Net Reserves & Resources		BOE
	Oil (Mbbls)	Gas (MMscf)	(Mboe)
Proved Developed Producing (PDP)	42.1	143.0	65.9
Proved Developed Not Producing (PDNP)	34.1	264.7	78.2
Proved Undeveloped (PUD)	95.4	190.9	127.2
Total Proved Reserves (1P)	**171.6**	**598.6**	**271.4**
Probable	166.7	407.7	234.6
Total Proved & Probable Reserves (2P)	**338.3**	**1006.2**	**506.0**
Possible	128.7	353.7	187.6
Total Proved, Probable & Possible Reserves (3P)	**467.0**	**1359.9**	**693.6**
Low Estimate Contingent Resources	-	-	-
Best Estimate Contingent Resources	342.4	0.0	342.4
High Estimate Contingent Resources	525.3	0.0	525.3
Total Contingent Resources (3C)	867.7	0.0	867.7
Total Reserves & Resources	**1,334.7**	**1,359.9**	**1,561.3**

Table 1: Target Energy Net Reserves & Resources – 30 June 2015

Notes:

- *Reserves are stated net to Target's working interest and after deductions for royalty payments.*
- *All reserves and resource estimates were prepared using deterministic methods. All aggregation was performed by arithmetic summation.*
- *Cautionary note: the aggregate 1P estimate may be a very conservative estimate and the aggregate 3P estimate may be very optimistic due to the portfolio effects of arithmetic summation. Similarly, the aggregate 2C + 3C resource estimate may be very optimistic due to the portfolio effects of arithmetic summation.*
- *TJSCO did not review the Contingent Resources for the East Chalkley Field. The Contingent Resources are derived from the Independent Technical Specialist's Report on Target Energy Limited's interests in the East Chalkley Field, (August 2012) by Risc Operations Pty Ltd.*
- *Contingent resources are defined as quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are a class of discovered recoverable resources as defined in the SPE-PRMS.*
- *"bbl(s)" means barrel(s); "bopd" or "boepd" means barrels of oil per day and barrels of oil equivalent per day, respectively*
- *"boe" means barrels of oil equivalent. Target reports boe using a gas to oil conversion based on equivalent thermal energy , i.e. 6000 cubic feet of gas = 1 barrel of oil*
- *"M" prefix means thousand; "MM" prefix means million; "scf" means standard cubic feet*
- *Production quantities are measured at the leases via a sales meter (gas) or in oil storage tanks.*

For and on behalf of TARGET ENERGY LIMITED

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 over 30 years' experience in the sector. He consents to that information in the form and context in which it appears.

ASX Announcement

30 September 2015

APPENDIX 1

1. Fairway Project

The following table provides TJSCO's reserve estimates for Target's net interest in the Fairway Project. Methodology is described below. TJSCO was not asked to assess the contingent or prospective resource potential of the Fairway Project. The Operator of the project is Trilogy Operating, Inc. Leases are described in Table 3. Additional drilling is required to develop the leases.

Fairway Project Net Reserves[1]	Net Reserves		BOE
	Oil (Mbbls)	Gas (MMscf)	(Mboe)
Proved Developed Producing	41.9	103.3	59.1
Proved Developed Not Producing	33.1	83.7	47.1
Proved Undeveloped	95.4	190.9	127.2
Total Proved (1P)	170.4	377.9	233.4
Probable	91.6	168.5	119.7
Proved & Probable (2P)	262.0	546.4	353.1
Possible[2]	82.7	165.3	110.3
Proved, Probable & Possible (3P)	344.7	711.7	463.3

Table 2: Fairway Project Net Reserves 30 June 2015

Notes:

1. *Reserves are stated net to Target's working interest and after deductions for royalty payments.*
2. *Possible reserves are those reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will be equal to or exceed the sum of the Proved plus Probable plus Possible (3P) reserves.*

Target Energy Leaseholdings							
	Lease Name	County / Ph	Description	Depth Limits	TEX WI	Gross acres	Net acres
Fairway							
	BOA	Howard	S12 S/2 , Block 33 T-2S, A-1353, T&P RR Survey	None	50.0%	320.0	160.0
	BOA North	Howard	S12 N/2 , Block 33 T-2S, A-1353, T&P RR Survey	None	50.0%	320.0	160.0
	Darwin N/2	Howard	S44 N/2, Block 33, T-1S, A-1292, T&P RR Survey	None	50.0%	320.0	160.0
	Darwin SW/4	Howard	S44 SE/4, Block 33, T-1S, A-1292, T&P RR Survey	None	60.0%	160.0	96.0
	Bunbury	Howard	S102 A-1405; S103 A-1405; S104 A-1495; Block 29 Waco & NW Survey	None	60.0%	918.0*	550.8
	Ballarat	Glasscock	S 184 and 185, Bl 28, A-815 and A-A483, Waco and Northwestern Survey	None	50.0%	160.0	80.0
		Glasscock	S 184 and 185, Bl 28, A-815 and A-A483, Waco and Northwestern Survey	None	60.0%	195.7*	117.4
	Taree	Glasscock	W/2 S193, Bl 28, A-815 and A-A483, Waco and Northwestern Survey	None	60.0%	320.0*	192.0
	Sydney #1	Glasscock	NW/4 S 188 Block 29 A-170 W&NW Survey	None	60.0%	160.0	96.0
	Sydney #2	Glasscock	E/2 S 188 Block 29 A-170 W&NW Survey	None	51.2%	320.0*	163.9
	"Section 4"	Howard	S4, Block 32, T-2-S, A-1354 T & P RR Co Survey	None	60.0%	440.0	264.0
	Homar	Howard	SE/4 S24 Bl 35 A-1640; T&P RR Co Survey	None	50.0%	100.0	50.0
	Homar (Robb)	Howard	SW/4 S26 Bl 35 A-1415; T&P RR Co Survey	None	60.0%	160.0	96.0
	Wagga Wagga #1	Glasscock	NE/4 S221, Block 29, A-496; W&NW RR Co Survey	None	35.0%	160.0	56.0
	Wagga Wagga #2	Glasscock	SE/4 S221, Block 29, A-496; W&NW RR Co Survey	None	35.0%	160.0	56.0
	Ballarat West	Glasscock	part NW/4 of S185, Bl 29, W&NW RR Co. Survey	None	50.0%	123.9	62.0

**subject to completion of lease extensions*

Table 3: Fairway Lease-holding 30 June 2015

2. *East Chalkley*

TJSCO's reserve estimates for Target's net interest in the East Chalkley Project in Cameron Parish, Louisiana are shown in Table 4. Methodology is described below. TJSCO was not asked to assess the contingent or prospective resource potential of the East Chalkley Project, however in 2012 RISC Operations Pty Ltd (RISC) completed an independent assessment of the East Chalkley resource potential and the results (adjusted for subsequent production) are included in the table. The RISC report was released on 29 Oct 2012 as part of an Independent Experts Report on Target Energy.

The Operator of East Chalkley is Magnum Hunter Resources Corporation. The Unit description is shown in Table 5.

ASX Announcement

30 September 2015

East Chalkley Net Reserves & Resources[1]	Net Reserves		Boe equiv.
	Oil (Mbbls)	Gas (MMscf)	(Mboe)
Proved Developed Producing (PDP)	0.0	0.0	0.0
Proved Developed Not Producing (PDNP)	0.0	0.0	0.0
Proved Undeveloped (PUD)	0.0	0.0	0.0
Total Proved (1P)	0.0	0.0	0.0
Probable	33.5	134.1	55.9
Proved & Probable (2P)	33.5	134.1	55.9
Possible[2]	29.0	115.9	48.3
Proved, Probable & Possible (3P)	62.5	250.0	104.2
Low Estimate Resource[3]	0.0	0.0	0.0
Best Estimate Resource[3]	342.4	0.0	342.4
High Estimate Resource[3]	525.3	0.0	525.3
Low, Best and High Estimate Resources (3C)[3]	867.7	0.0	867.7
Total 3P Reserves and Resources	930.2	250.0	971.9

Table 4: East Chalkley Net Reserves & Resources

Notes:

1. *Reserves are stated net to Target's working interest and after deductions for royalty payments.*
2. *Possible reserves are those reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will be equal or exceed the sum of the Proved plus Probable plus Possible (3P) reserves.*
3. *Contingent Resources have been derived deterministically and are summed arithmetically. Contingent resources are quantities of hydrocarbons not considered to be currently commercially recoverable due to one or more contingencies.*

Project	Lease / Unit	Description	Depth Limits	TEX WI	Royalty	Gross Acres	Net Acres
E Chalkley							
	Unit Agreement: CK W RA SU	S11, 13, 14 &15, T12S-R6W, Cameron Ph	8,000 ft - 10,000 ft	35%	30.5%	714.9	250.2

Table 5: East Chalkley Unit

Reserves Evaluators

Estimates of the Petroleum Reserves for the Fairway and East Chalkley projects in this report were prepared by Mr T. J. Smith (PE) for T.J. Smith & Company, Inc ("TJSCO"). The effective date of the estimates is 30 June 2015. Mr Smith is a licensed Professional Engineer in the State of Texas and in the State of Louisiana and is a member of the Society of Petroleum Engineers (SPE). He has over 40 years experience in the sector and consents to the information in the form and context in which it appears. Mr Smith is not employed by Target Energy.

Neither T. J. Smith & Company, Inc. nor any of its employees has any interest in Target, in related entities, or in the subject properties. TJSCO is independent with respect to Target as provided in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserve Information promulgated by the Society of Petroleum Engineers. Neither the employment to make this review nor the compensation is contingent on TJSCO's estimates of reserves and future income for the subject properties.

Methodology

Oil and gas reserves were estimated in accordance with standards of the Society of Petroleum Engineers except that instructed prices as discussed later herein were used for cash flow and economic limit determinations. Gas reserves are reported at the official temperature and pressure bases for the states of Texas and Louisiana, as appropriate. Future net revenues as used herein are defined as the total revenues attributable to the evaluated working interests less royalties, operating costs, severance and ad valorem taxes and where appropriate, capital costs. Future net revenues discounted at ten percent per annum are shown to demonstrate the effect of timing on the expected future receipts. Estimates of future net revenues and discounted future net revenues are not intended and should not be interpreted to represent fair market values for the estimated reserves. Determination of fair market value was beyond the scope of this assignment. Examination and estimation of contingent resources and prospective resources were beyond the scope of the review.

Probable and Possible Reserves are less certain to be recovered than Proved Reserves. The Probable and Possible Reserves stated herein have not been adjusted for uncertainty and neither the reserves nor the future net revenue there from should be combined with the Proved Reserves or with each other without appropriate risk adjustment.

Target has significant additional acreage in the Fairway area for additional development. Many of these potential locations are too far removed from existing wells to be assigned reserves. The evaluation of prospective resources is outside the scope of this review.

In general, estimates for the PDP reserves were estimated for each producing property based on extrapolation of the historical producing trend, or analogy with comparable properties. Performance methods were preferred unless the data demonstrated that their use as the basis for the reserve estimate was inappropriate. The wells in the Fairway Trend area have relatively short producing histories. Consequently, the forecasts are made utilizing the available daily production data as provided by Target and augmented with an area "type" curve generated from the production histories of other wells in the area that are producing from the same formations.

PDNP, PUD, Probable and Possible reserves were estimated primarily by analogy with future producing rates and decline trends based upon analogy to offset production experienced in each field. PDNP reserves for the Darwin No. 1 well and incremental Probable reserves for the Darwin No.3 and No.4 wells are based on analogy to the three Quirk lease wells drilled by Crownquest Operating LLC immediately north of the Darwin lease which were completed using larger fracture treatments than previously employed for the Darwin completions. Probable reserves for the Pine Pasture No.3 well are based on analogy to the historical producing Pine Pasture No. 2 well taking into consideration the thicker net pay section and slightly better reservoir properties observed on the log in Pine Pasture No.3. Production was attempted for the well recently following well work to clean the well out but the well failed to produce at anticipated rates. Further work is currently proposed to attempt to restore the well to rates analogous with the Pine Pasture No.2 completion.

The estimated spud and production start dates for the wells in the Fairway Trend were estimated based on the drilling of one well every two months starting January, 2016. The order for drilling the wells was generally assumed to be PUD first, followed by Probable, and then Possible. Based on recent drilling experience by Target, the drilling and completions costs are estimated at $1.5 million per well and were utilized as instructed. Oil and gas prices used herein were requested by Target and are $71.68 per barrel of oil and $3.39 per MMBtu of gas. As requested these prices are equivalent to the prices utilized for SEC reporting purposes for a fiscal year ending June 30, 2015. These product prices were determined based on the 12 month average price calculated as the unweighted arithmetic

average of the first-day-of-the-month price for each month within the 12 month period prior to June 30, 2015. The oil price is based on the West Texas intermediate (WTI), Cushing, Oklahoma spot prices and the natural gas price is based on the Henry Hub gas daily prices. Appropriate differentials were applied to these prices for each property based upon its respective historical product pricing experience to adjust the base prices to reflect the prices actually received by the respective wells. The Btu content of the gas is accounted for in the gas price differential.

Lease operating expenses were based on the available historical costs as provided by Target and reflect anticipated recurring expenses for each property. Because many of these are newly drilled properties, the historical cost data available are often of limited duration. As described elsewhere in this report, capital cost estimates were provided by Target. Operating expenses and future capital costs were applied without escalation.

Recovery of oil and gas reserves, including Proved Reserves, Probable Reserves and Possible Reserves, is not without risk and it should be recognized that any reserve estimate or forecast of production is a function of engineering and geological interpretation and judgment. The evaluations presented in this report, with the exceptions of those parameters specified by others, reflect TJSCO's informed judgments based on accepted standards of professional investigation but are subject to those generally recognized uncertainties associated with interpretation of geological, geophysical, and engineering information. Government policies and market conditions different from those employed in this study may cause the total quantity of oil or gas to be recovered, actual production rates or prices received to vary from those presented in this report. Reserve estimates made utilizing analogies are less certain than reserve estimates based on well performance obtained over a period of time during which a substantial portion of the reserves were produced.

TJSCO have not made any field examinations of the properties nor have they considered potential environmental liabilities which may exist as such analyses were beyond the scope of the review. Surface and well equipment salvage values and well plugging and field abandonment costs have not been considered in the revenue projections. No consideration of state or federal income tax consequences to the owners has been made, nor have indirect costs such as general and administrative overhead been included. TJSCO was not provided information concerning production imbalances, if any, and have made no attempt to evaluate or account for any present or potential future imbalances.

In conducting the evaluations TJSCO relied upon production histories, accounting and cost data, net ownership interests, operating, engineering and geological data that were supplied by Target. Non-confidential data existing in the files of T. J. Smith & Company, Inc. and data obtained from commercial services and state regulatory agencies were also used to supplement the information provided.

ASX Announcement

30 September 2015

APPENDIX 2

Section 28 & Merta Production

The following table provides Harper and Associates ("Harper") reserve estimates for Target's net interests in various oil and gas properties on the Texas and Louisiana Gulf Coast. Relevant assumptions are set out in Appendix 1. Harper was not asked to assess the contingent or prospective resource potential of the Gulf Coast properties. The Operator of the Section 28 project is Cypress Production, Inc. The operator of the Merta project is the Hollimon Oil Corporation. The Unit descriptions are shown in Table 8.

Other Gulf Coast Net Reserves[1]	Net Reserves		BO equiv.
	Oil (Mbbls)	Gas (MMscf)	(Mboe)
Proved Developed Producing (PDP)	0.2	39.7	6.8
Proved Developed Not Producing (PDNP)	1.0	181.0	31.2
Proved Undeveloped (PUD)	0.0	0.0	0.0
Total Proved (1P)	1.2	220.7	38.0
Probable	41.6	105.1	59.1
Proved & Probable (2P)	42.8	325.7	97.1
Possible[2]	17.0	72.5	29.0
Proved, Probable & Possible (3P)	59.8	398.2	126.1

Table 7: Other Gulf Coast Net Reserves

Notes:

1. *Reserves are stated net to Target's working interest and after deductions for royalty payments.*
2. *Possible reserves are those reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will be equal or exceed the sum of the Proved plus Probable plus Possible (3P) reserves.*

Project	Lease / Unit	Basin	Description	Depth Limits	TEX WI A	Royalty	Gross Acres	Net Acres
Merta								
	Merta No. 1 Well Gas Unit No. 2	Gulf Coast	S3 A-219 International and Great Northern RR Co Survey, Wharton Co	7,650 ft - 7,880 ft	25%	25.7%	303.0	75.7
Section 28								
	SML #A-1, A-3 Unit	Gulf Coast	St Martin Ph	None	25%	28%	40.0	10.0
	SML #A-2 Unit	Gulf Coast	St Martin Ph	None	25%	28%	40.0	10.0

Table 8: Merta & Section 28 Production Units

ASX Announcement

30 September 2015

Reserves Evaluator

Michael Harper, a consulting Professional Petroleum Engineer, with an office at 6815 Manhattan Blvd. Ste 201, Fort Worth, Texas 76120, has certified:

1. He is President of Harper & Associates, Inc (HANDA) and did prepare the Section 28 Field, St. Martin Parish, La. and Wharton Field, Wharton Co., Texas reserve report as of 30 June 2015 with corresponding economic values of the interests of certain Target leases in Louisiana and Texas.

2. That Mr Harper graduated in Petroleum Engineering in 1966 with a Bachelor of Science degree and Master of Science degree in 1968 from Louisiana State University at Baton Rouge, Louisiana. Academic honor societies are Pi Epsilon Tau, Tau Beta Pi and Phi Kappa Phi.

3. Mr Harper is a registered Professional Engineer in Louisiana #13687 and Texas #34481 and a certified earth scientist - SIPES #2861. Mr Harper has thirty-five years' experience in drilling, production, reservoir studies and evaluations of Canada, Mediterranean, North Sea and United States oil and gas fields.

4. Mr Harper holds memberships held in professional associations: the Society of Petroleum Engineers (#070557); the American Association of Petroleum Geologists; the Society of Petroleum Well Log Analysts; the Society of Petroleum Evaluation Engineers; and the American Association of Drilling Engineers. He served on the National Board of Directors of the Society of Petroleum Engineers for the term 1986-1989. He served as National Director of the Society of Petroleum Evaluation Engineers for the term 2000-2003.

5. That neither the principal of HANDA or its employees in the firm have and direct or indirect interests, nor do they expect to receive any direct or indirect interest in the oil and gas properties reviewed nor do they have any direct or indirect interest in the properties of Target.

6. Mr Harper is an independent engineer contracted to review certain leases of Target in Louisiana and Texas.

7. That HANDA has no direct or indirect interests in the actual outcome from the reports that have been prepared for Target.

8. That a field inspection of the properties was not made; such an inspection was deemed unnecessary in view of the available data, our experience in the evaluated field operations and the nature of the properties being reviewed.

Methodology

Available information included well data, geologic logs, oil and gas completion, and pressure and production histories through June 2015. Additional information was obtained on offset wells completed in correlative geologic formations with similar production performance. During the analysis, Harper and Associates (HANDA) was given access to data as was desired and consulted freely with employees of Target and Cypress. Data used

in the preparation of the evaluation was obtained from the records of the operators in area, Target, Cypress Production, Inc., state commissions, public records and consultant studies. Interests were accepted as represented. Authorized personnel can review basic reservoir and geologic data together with engineering work on file.

Reserve classifications are in accordance with the rules and guidelines of Petroleum Resources Management System ("PRMS") (approved and adopted by the WPC, SPE, AAPG, SPEE). Reserves/economics determined in this evaluation are not to be used for; 1) U.S. Security and Exchange Commission filings, 2) litigation purposes, or 3) market value determinations.

The determination of the reserves is based on petroleum engineering principles, supported by independent geologic interpretations that involve direct and indirect characterization and estimates of reservoir properties. These properties are derived from data available at the time of preparation. One should not construe that the reserve quantities are exact. As additional data becomes available or well operating conditions change, it is likely that oil or gas recovery factors of a reservoir will be better defined. Consequently, the estimated reserves change with those factors.
