

Quarterly Report for the quarter ending 30 September 2015

1. Operations

Texas

Fairway Project – Howard & Glasscock Counties (Target 35% - 60% WI)

- **Drilling / Workovers**

- No new drilling operations were undertaken in the Quarter.

- **Leasing**

Discussions continue for the extensions of leases in Bunbury, Sydney (part) and Ballarat (part). The Fairway Project operator had previously advised Target that Sydney and Bunbury lease extensions had been secured, but these arrangements are still being formalised.

Merta Project – Wharton County (Target 25% WI)

- **Sale of Interest**

On 24 July 2015, the Company was advised by the operator of the Merta Project that it had received a cash offer of US\$177,000 from Vernon E. Faulconer, Inc. for the purchase of a 100% working interest in the Merta #1 Well Gas Unit No. 2 and tract (which comprise the Merta Project). The sale would net US\$44,250 to Target. The operator further advised that it intended to accept the Offer in respect of its interests in the Merta Project.

The Company, through TELA Garwood Limited LP (a wholly-owned subsidiary of Target Energy Limited), held a 25% working interest in the Merta #1 Well Gas Unit No. 2 and associated 303 acre tract and subject to Noteholder approval, the Board resolved to accept the Offer for the Merta Sale.

Noteholder approval was secured on the 25th September and the Company sold its interests in the well on 1st October 2015.

Louisiana

East Chalkley, Cameron Parish (Target 35% WI)

- The Pine Pasture #3 well has been shut in for most of the reporting period to address pump problems.



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Section 28 Project, St Martin Parish (Target 25% WI)

A proposal to workover the “Bol Perca” zone in the SML A-#3 well was withdrawn following the acquisition of wireline log data that indicated the zone was tight and was unlikely to be productive.

The SML A-2 and SML A-3 wells have been shut-in following declining production.

Discussions are underway regarding the future economic viability of the wells. The partners have received and are reviewing a proposal to sell the interests in the wells in return for the purchaser accepting the plugging and abandonment liabilities for the wells.

2. Production (1 Jul – 30 Sept 2015)

Project	TEX WI	Gross Gas Prodn in Period (mmcf)	Cumulative Gross Gas Prodn (mmcf)	Net Gas Prodn in Period (mmcf)	Cumulative Net Gas Prodn (mmcf)	Gross Oil Prodn in period (BO)	Cumulative Gross Oil Prodn (BO)	Net Oil Prodn in Period (BO)	Cumulative Net Oil Prodn (BO)
Section 28	25%	4	2,498	1	624	28	91,907	7	22,977
E. Chalkley	35%	0	61	0	22	12	115,822	4	40,538
Merta	25%	13	473	3	118	7	5,596	2	1,399
Fairway	35%-60%	23	352	12	199	8,975	189,718	4,488	105,110
Total		41	3,383	16	963	9,022	403,043	4,500	170,023

Net Production is scaled to Target's Working Interest, before royalties; mmcf = million cubic feet; mmcfgd = million cubic feet of gas per day; BO = barrels of oil, BOPD = barrels of oil per day, BOEPD = barrels of oil equivalent per day (Target reports a thermal equivalent when combining gas and oil production, where 1BOE = 6 mcf).

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3. Lease Holdings

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	S184 and 185, Bl 28, A-815 and A-A483, Waco and Northwestern Survey	None	50.0%	160.0	80.0
		Glasscock	S184 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
Merta+							
	Merta No. 1 Well Gas Unit No. 2	Wharton	S3 A-219 International and Great Northern RR Co Survey	7,650 ft - 7,880 ft	25%	303.0	75.7
Section 28 SML #A-1, #A-3	Production Unit	St Martin Ph		None	25%	40.0	10.0
SML #A-2	Production Unit	St Martin Ph		None	25%	40.0	10.0
East Chalkley							
	Unit Agreement: CK W RA SU	Cameron Ph	S11, 13, 14 &15, T12S-R6W	8,000 ft - 10,000 ft	35%	714.9	250.2
+Merta interests sold after reporting period *subject to completion of lease extensions						Total	5435.4 2706.0

4. Corporate

4.1. Convertible Notes - Security Trustee

On 25 September 2015 a meeting of Noteholders approved the removal of M6 Securities Pty Ltd as the Security Trustee and the appointment of Anquan SPV2015AUG Pty Ltd as the new security trustee under the Security Trust Deed. The change in trustee followed the untimely passing of Graham Anderson at M6 Securities.

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4.2. Legal

Legal action by Target subsidiary TELA Garwood LP ("TELA Garwood") continues against Victory Energy Corporation and Aurora Energy Partners ("Victory", "Aurora"). TELA Garwood's suit charges that Aurora, acting by and through its general partner, Victory, breached its obligation to purchase certain of TELA Garwood's interests in the West Texas Fairway Project (Howard and Glasscock counties) pursuant to a Purchase and Sale Agreement between TELA Garwood and Aurora dated June 30, 2014.

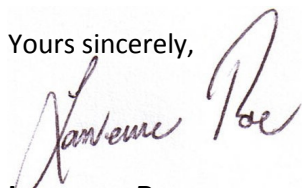
TELA Garwood has filed a Motion for Summary Judgement that is expected to be heard in late November.

4.3. Annual General Meeting

The Company's Annual General Meeting is to be held at 2 :30pm on 20 November 2015 at The Vic Boardroom, 226 Hay Street, Subiaco WA. A Notice of Meeting has been distributed to shareholders.

For further information, please contact the company at admin@targetenergy.com.au.

Yours sincerely,



Laurence Roe
Managing Director

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.