



ASX Announcement

23 July 2013

Target Energy Secures Funding For Upcoming Fairway Drilling Program

US-focused oil and gas exploration and production company, Target Energy Limited ("Target"), is pleased to advise that it has agreed terms with two of its supportive shareholders to secure additional funding of A\$1,800,000.

The funds will be applied principally to Target's Fairway project in the West Texas Permian Basin, including the drilling of the Darwin #3 well - expected to commence this week - and the drilling of the Sydney #2 well. Target believes it is now fully funded for its 2013 drilling campaign. The new wells being drilled have the potential to materially add to Target's production and cash flows and result in Target having a stronger financial position for future drilling programs.

The notes will be drawn down in two tranches, with the first tranche of \$1,000,000 to be drawn down this month and the balance to be drawn down in August. The convertible notes will to be issued on the following terms:

Maturity Date	1 October 2014
Coupon Rate	10% p.a.
Interest Paid	Quarterly in Arrears.
Conversion Ratio	Each Note converts to 1 fully paid ordinary Share in the Company at the Noteholder's election.
Face Value	A\$0.07 per share.
Listing	The Notes will be unlisted.
Security	The Notes will be secured by a charge over the Company's interest in the Fairway project.
Early Repayment	The Company may repay the Notes prior to the expiry of the term by giving the Noteholder not less than 20 business days notice to allow the Noteholder to convert to shares in the Company before repayment.
Early Repayment Penalty	The lesser of 90 days interest or interest payable for the balance of the Term, together with an option to acquire one fully paid ordinary share in the Company for each Note repaid, which option is exercisable at \$0.07 and must be exercised prior to the date which would have been the expiry date of the Term.

ENDS

For and on behalf of TARGET ENERGY LIMITED

Laurence Roe
Managing Director

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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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