



ASX Announcement

14 December 2011

Fairway operations progress, more leases acquired; Re-completion program starts at Shepard's Channel

Target Energy Limited ("Target") (ASX CODE: TEX) is pleased to provide the following operations update.

Fairway Project, Howard County, Texas

BOA 12 #1

The BOA 12 #1 well has been shut in while production (pumping) equipment is being installed and the well-head hooked up to the production tank battery. The well is expected to be back online in the next few days.

Approximately 38% of the load water has been recovered to date, with oil and gas continuing to flow with the load-water. As noted previously, the oil flow is considered encouraging as Wolfberry wells typically do not recover oil or gas immediately following the frac. Once the well is on pump, stabilised and representative oil and gas flow rates will be established.

Target Energy is earning a 60% Working Interest in the Fairway project.

Target increases land position in Fairway

Target is also pleased to advise that it has secured an additional 320 acre tract in the Fairway project, taking its leaseholding up to 2,873 acres, an increase of 12.5%. Negotiations are continuing for additional lease positions in the area.

Shepard's Channel Prospect, La Fourche Parish, Louisiana

Work is now underway at the Shepard's Channel well site. The Reliable Rig #21 mobilised to the site on Saturday 10th December. As at 6am 13 December (US CST), blow-out preventers were being installed with re-entry operations expected to commence later in the day.

The initial phase of the well program involves the drilling out of the existing cement plugs in the hole, then running in to 3,823m (base of existing casing) and drilling to the original total depth of 4,000m. This operation will be undertaken in daylight hours after which work will switch to a 24/7 basis. It is expected that this phase, plus the running of a 5 ½ inch liner, will take approximately 10 days, with logging and testing to take place thereafter.

Target Energy has a 10.33% Working Interest in Shepard's Channel.

Corporate information

ASX Code

TEX

TEXOB

Board of Directors

Chris Rowe, Chairman
Laurence Roe, Managing Director
Graham Riley, Director
Stephen Mann, Director
Ralph Kehle, Chairman TELA (USA)

Rowan Caren, Company Secretary

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Overview of activities

Target is exploring and producing a suite of highly prospective oil and gas projects in the USA.

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



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Managing Director Laurence Roe commented on the programs. "We are pleased to see activity on a number of fronts here. At the BOA well, we have halted the flow-back from the frac while pumping equipment is being installed and production tubing run in the bore-hole. We have also just completed installing the tank battery on site and the well is being hooked-up to the tanks.

"We should be back on line in the next few days. We remain encouraged by the oil that has continued to flow as the load water has been coming back. Gas is also flowing, but at this time we do not have any measured rates - construction of a gas pipeline to the lease is about to start.

"Target is also continuing to expand its lease position at Fairway, having secured additional leases that will increase our position by 12.5%, with more likely to follow.

"At Shepard's Channel, operations are now underway – while it's likely that we will be ready to test in 10 days or so, I expect at that time the well will be shut-in for the Christmas break and the testing will commence in the following week.

"Funding for further leasehold acquisition and drilling – at least in the short term - will continue to be derived from the ongoing exercise of the Company's existing options.

"This ability to secure funding as required via the exercise of options was a specific design objective of our capital raising program earlier this year. Three tranches of options were issued, exercisable at 5 cents, 7 cents and 10 cents.

"The Company has already seen a strong take-up of its 5 cent options to date and has now secured a commitment from a number of its larger shareholders to proceed with the exercise of their 7 cent options before year end."

ENDS

For and on behalf of TARGET ENERGY LIMITED

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

Laurence Roe
Managing Director