

ASX Announcement

16 February 2012

Operations update Fairway / 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

Potential Devonian Discovery

The BOA 12 #1 well continues to recover frac water, which is necessary prior to establishing a representative oil flow rate from the Wolfberry sections intersected. This process is normal and is expected to continue and be assessed for the next 3-4 weeks.

Importantly, and in addition thereto, recent analysis of inflows to the well following completion of the stimulation program indicate an unexpected additional oil discovery from the deeper Devonian section (figure 1). This will, if confirmed, give the Company an important further zone of future oil production, which may subsequently be commingled with the anticipated Wolfberry production.

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

Shepard's Channel Prospect, La Fourche Parish, Louisiana

As previously advised, re-entry operations encountered gas in the borehole, with the drillpipe becoming stuck at a depth of 3,923m, approximately 21m into the channel sand.

Initial efforts to dislodge and recover the drillpipe were unsuccessful. The partners have decided to utilise a larger rig to recover the stuck pipe and drill-bit. Operations have been suspended and the current rig released.

It is expected that the replacement rig will be mobilized to the site in early March. Following the recovery of equipment, a further 95m will be drilled (to the original Total Depth of the well at 4,020m) and then a 5" liner run over the open hole. Testing will commence immediately thereafter.

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

ENDS

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

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

admin@targetenergy.com.au

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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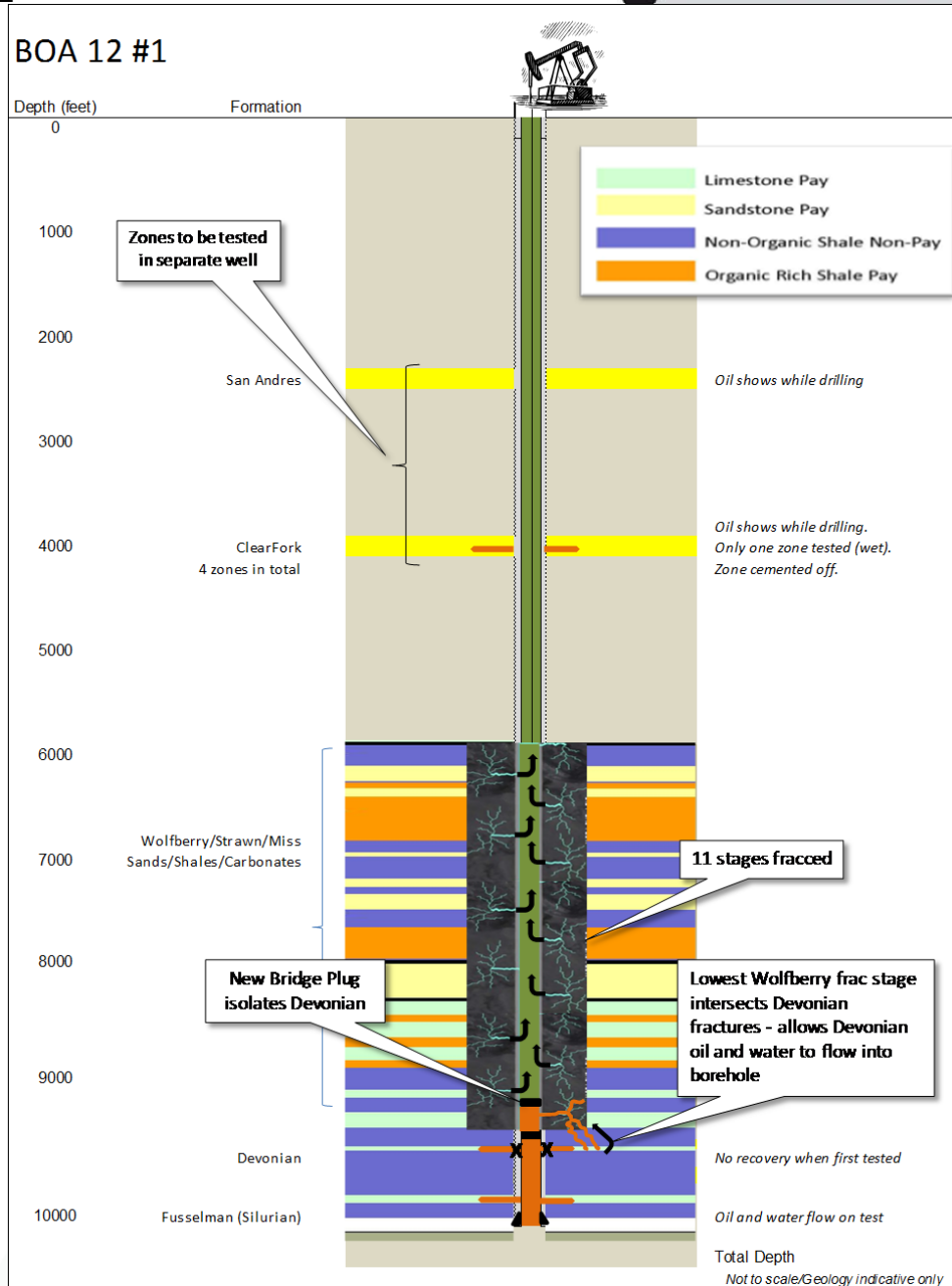


Fig 1 BOA 12 #1

For and on behalf of TARGET ENERGY LIMITED

Laurence Roe
Managing Director