

## ASX ANNOUNCEMENT

4 January 2007

Company Announcements Platform  
Australian Stock Exchange Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

### Kant No. 1 – Operations Update

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Target Energy Limited is pleased to provide the following operations update. All reported depths are below the Rotary Table (RT) on the rig floor.

**Report Date:** 10:00 pm 3/01/07 (Western Aust Daylight Time) /  
7:00 am 3/01/07 (USA Central Standard Time)

**Current Depth:** 1,116 metres RT

**Progress:** Well commenced drilling at 08:30pm on 29 December 2006 (WDT). The well is presently at 1,116 mRT in a 216 mm (8 ½ in) hole and completing pump repairs.

**Hydrocarbon Indications** Hydrocarbon shows will only be reported after wireline logs have been run and evaluated at the Total Depth of the well.

**Primary and Secondary Targets** The primary targets are Oligocene age sandstones (Frio sands) at a depth of approximately 988 metres. The well will be drilled to a total depth of 1,448 metres to test additional Miocene and Frio potential.

**Comments** The well is expected to reach planned Total Depth and commence wireline logging in approximately 48 hours.

Kant prospect Working Interest holders (subject to completion of earning phase):

Everest Resource Company et al	25.00% (Operator)
<b>Target Energy Limited</b>	<b>25.00%</b>
Pantheon Resources plc	18.75%
Day Star Drilling & Development, Inc	12.75%
Anderson Oil Ltd	10.00%
Jeff Nesmith	4.50%
Jupiter Energy LLC	4.00%

While operations are underway, the company will issue routine releases every Thursday or at any such time that material matters require an earlier release. For further information please contact Laurence Roe on 08 9240 1900 or contact the company at [admin@targetenergy.com.au](mailto:admin@targetenergy.com.au).

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Laurence Roe', written in a cursive style.

**Laurence Roe**  
**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 at least 5 years experience in the sector. He consents to that information in the form and context in which it appears.*