

ASX ANNOUNCEMENT

12 June 2008

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

OPERATIONS UPDATE

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

VINCENT #1 (BANDITO PROSPECT)

Report Date: 4:00 am 12/06/08 (Western Aust Standard Time) /
3:00 pm 11/06/08 (USA Central Daylight Time)

Current Depth: 826.0 metres RT.

Progress: Spud well. Complete repairs. Drill ahead to 658.4m in 445mm (17.5 in) hole.
Change out mud pump. Drill ahead to 826.0m.

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 Bandito prospect is targeting up to 42.4 Bcf (Billion cubic feet) of potential recoverable gas in Oligocene age "Bol mex" sands, and will be drilled to a depth of 3,932 metres (12,900 feet). Drilling is expected to take approximately five weeks.

Target Energy will earn a 15% Working Interest in the well (subject to completion of earning phase).

PINE PASTURE #2 (EAST CHALKLEY)

Report Date: 7:00 pm 11/06/08 (Western Aust Standard Time) /
6:00 am 11/06/08 (USA Central Daylight Time)

Current Depth: 0 metres RT.

Progress: Mobilise rig to site. Rig up. Prepare to commence drilling. Expect to spud within 24 hours.

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 East Chalkley oil accumulation, a previously unidentified down-dip oil leg associated with the Chalkley gas field, is already producing oil from "Alliance" W-2 sands. The Pine Pasture #2 well is to be drilled slightly updip from the existing oil producer and it is planned to complete it as a gravel-packed, high volume, hydraulic pumped well. Work to date suggests that the 'most likely' recoverable volume of oil from the field is approximately 2.4 mmBO.

The Pine Pasture #2 well is expected to take 2.5 weeks to drill to its programmed total depth of 2,975m (9,760 ft).

Target will earn a 25% Working Interest in the Pine Pasture #2 well.

COLORADO COUNTY

On 5 June 2008, a workover rig was mobilised to the Garwood #1 well. The interval 1125.6m – 1126.3m was perforated for production. The interval flowed gas and the well was left flowing dry gas to sales at a rate of 225 mcf per day.

On 6 June 2008, a workover rig was mobilised to the Thoroughbred #1 location. The interval 1288.7m – 1289.3m was perforated for production. The interval flowed a minor amount of gas before flow died - it is likely that the perforated sand was of very limited areal extent. Well was left shut-in. In the absence of any additional untested sands in the well, it is expected the well will be plugged and abandoned.

While operations are underway, the company will issue routine releases every Thursday or at any such time that material matters require an earlier release.

ENDS

For further information please contact:

Shareholders

Laurence Roe

Tel: (08) 9476 9000

Email: admin@targetenergy.com.au.

Media

Tony Dawe

Tel: 041 3322 110

Email: tony.dawe@bigpond.com

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.