



ASX Announcement

25 February 2011

South Texas "Buffalo" Project Update

US-focussed oil and gas exploration and production company, Target Energy Limited (**ASX:TEX**), is pleased to provide an update regarding its "Buffalo" Project in South Texas, USA.

Following completion of the design of the fracture stimulation ("frac") program for the initial test well, Target has now selected BJ Services Company ("BJ") to perform the frac. BJ have advised that they expect to be able to undertake the program in 4 – 6 weeks' time (demand for frac crews in the region remains very high). The frac will be undertaken in 2 stages with a 30 day interval between the deeper first stage and the shallower second stage.

Target is presently getting ready to recomplete the well in preparation for the frac program.

Target's Managing Director, Laurence Roe, commented on the program, "As we noted previously, we are fundamentally testing a new resource play – our design includes a gap between the stages to give us the opportunity to analyse the initial results and if necessary to "fine-tune" the second stage frac. This will allow us to optimise the flow potential from the well."

Target will earn a 100% working interest in the relevant zone in the borehole until pay-out with Target's working interest to revert to 50% thereafter. It will also earn an option to frac a second well under similar terms, which in turn will earn Target an option to drill and complete a new horizontal well in the project area on the same terms. Following the drilling of the new well, should Target then elect to undertake more work in the project area, it will be assigned a 50% working interest in the entire leasehold (approximately 13,000 acres) and be assigned operatorship of the entire project.

For and on behalf of
TARGET ENERGY LIMITED

Laurence Roe
Managing Director

Corporate information

ASX Code
TEX

Board of Directors
Chris Rowe, Chairman
Laurence Roe, Managing Director
Graham Riley, Director
Mike Martin, Director

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.