

ASX ANNOUNCEMENT

29 October 2009

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

HIGHWAY 71 OPERATIONS UPDATE

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

MERTA #1 (HIGHWAY 71 PROSPECT)

Report Date: 8:00 pm 28/10/09 (Western Aust Standard Time) /
6:00 am 28/10/09 (USA Central Daylight Time)

Current Depth: 679.4 m RT.

Progress: Spud 19:00 hrs 26 October 2009 (USA CST). Drill ahead in 445mm (17 1/2") hole from to 679.4m

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 the 1st and 2nd Meek Sands which have the potential to recover up to 52.5 Bcf of gas with 367,500 barrels of condensate. The secondary target is the Upper Wilcox Sandstone, which has the potential to recover up to 15 Bcf plus 750,000 barrels of condensate.

Target Energy will earn a 25% Working Interest in the Highway 71 prospect. Drilling is expected to take six weeks to drill to the programmed Total Depth of 4,115 metres (13,500 feet).

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 and on behalf of
TARGET ENERGY LIMITED



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.