

ASX ANNOUNCEMENT

31 July 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 measured depths below the Rotary Table (RT) on the rig floor.

VINCENT #1 (BANDITO PROSPECT)

Report Date: 7:00 pm 30/07/08 (Western Aust Standard Time) /
6:00 am 30/07/08 (USA Central Daylight Time)

Current Depth: 3,891.7 metres RT.

Progress: Run and cement 127mm (5") liner to 3,810.0m. Perform FIT test. Drill ahead from 3,810.0m to 3,891.7m

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).

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

PINE PASTURE #2 (EAST CHALKLEY) – WELL COMPLETION

Report Date: 7:00 pm 30/07/08 (Western Aust Standard Time) /
6:00 am 30/07/08 (USA Central Daylight Time)

Progress: Continue flow testing. All load water has been recovered. The well is presently being pumped at rates up to 391 barrels per day, with oil flowing at rates up to 43 BOPD (11% oil cut).

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

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

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Media

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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.