

ASX ANNOUNCEMENT



03 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 02/07/08 (Western Aust Standard Time) /
6:00 am 02/07/08 (USA Central Daylight Time)

Current Depth: 3,386.4 metres RT.

Progress: Drill ahead from 3,052.9m to 3,368.1m. Run intermediate wireline logs. Drill ahead to 3,386.4m. Run and cement 244mm (9 5/8") intermediate casing. Prepare to drill ahead.

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) – FINAL REPORT

Report Date: 7:00 pm 01/07/08 (Western Aust Standard Time) /
6:00 am 01/07/08 (USA Central Daylight Time)

Current Depth: 2,794.9 metres RT (Total Depth).

Progress: Drill ahead in 251mm (9 7/8 inch) hole from 2,836.5m to 2,794.9m. Run wireline logs. Run and cement 179mm (7 inch) production casing. Install tubing head. Rig released 1030 hrs 30 June 2008 (CDT).

Comment
As previously advised, initial log analysis has identified approximately 9.5 metres of net oil pay in the Alliance W2 sand at 2,923.0 metres (measured depth), which is in line with pre-drill expectations. Additional potential pay has also been recognised in the above-lying Alliance W1 sands.

Measured Depth (metres)	Zone	Net pay
2,890.1	Alliance W1	3.4 metres
2,923.0	Alliance W2	9.5 metres

The well is to be completed as an oil producer from the W2 sand, with completion and flow-testing of the well expected to be underway in approximately two weeks.

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

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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.