



## ASX Announcement

22 January 2014

### Fairway Operations Update

- **Strong Oil flow at Sydney #2**
- **Wagga Wagga #1 well completion to follow Sydney #2**

US focused oil and gas producer Target Energy Limited (“Target”) is pleased to provide an operations update on its Fairway Project.

#### Sydney #2

Preliminary flow testing of the Fusselman section in Sydney #2 has yielded an oil flow rate of 75 BO in 19.5 hrs (equivalent to 92 BOPD). The oil was accompanied by a large amount of water (approx. 800 BW), which appears to be flowing from vertically extensive fractures. The well has been shut in following a polymer gel treatment to minimise the water flow, with flow testing set to resume on 25 January.

#### Wagga Wagga #1

Completion procedures at Wagga Wagga #1 will commence after the Sydney #2 program. Initial testing will be on the deeper Ellenburger and Fusselman/Devonian sections.

Target Managing Director Laurence Roe noted, “The testing at Sydney #2 has confirmed the presence of oil and of good reservoir conditions – both of which we expected. Before we bring the well into full production however, we will deal with that associated water. The polymer treatment should block off a good deal of the water flow and thus allow us to increase the relative volume of oil. The well is shut in now to allow the gel to set and we will resume testing at the end of the week.

“We will go straight to the completion of Wagga Wagga #1 after Sydney #2”.

ENDS

### Corporate information

ASX Code: TEX  
OTCQX Code: TEXQY

#### Board of Directors

Chris Rowe, Chairman  
Laurence Roe, Managing Director  
Stephen Mann, Director  
Ralph Kehle, Chairman TELA (USA)

Rowan Caren, Company Secretary

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For and on behalf of TARGET ENERGY LIMITED

**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 over 30 years' experience in the sector. He consents to that information in the form and context in which it appears.*

| Well Reporting Summary                    |   |
|---|---|
| Name and Type of Well                     | Sydney #2, Step Out/Appraisal (Oil)         |
| Well Location                             | Glasscock Co, Texas                         |
| Permit                                    | NW/4 & E/2 S 188 Block 29 A-170 W&NW Survey |
| TEX Working Interest                      | 60%   |
| Geological Rock Type                      | Fusselman Carbonate                         |
| Depth of Zones Tested                     | 3040m                                       |
| Type of Tests Undertaken                  | Preliminary Flow testing                    |
| Duration of Tests Undertaken              | 19.5 hours                                  |
| Hydrocarbon Phases Recovered              | 75 Barrels of Oil (8.6%)                    |
| Other recovery                            | 800 Barrels of Formation Water (91.4%)      |
| Choke Size Used                           | Open  |
| Flow Rates                                | 92 BOPD                                     |
| Number of Fracture Stimulations           | Nil   |
| Material Volumes of Non-Hydrocarbon Gases | Nil   |