

## ASX Announcement

11 August 2014

### Fairway Project Operations Update

US focused oil and gas producer Target Energy Limited (“Target”) is pleased to provide the following operations update.

- Drilling is now underway at **BOA North #5** in Howard County (Table 1), in which Target has a 50% Working Interest (“WI”). The well will be drilled to a planned depth of 3,030m (9,942 ft) and will test both the Fusselman and Wolfberry targets.
- Following BOA North #5, the rig will mobilise to the **Taree #1** well in Glasscock County, in which Target has a 50% WI. The well lies approximately 2 km south east of the Ballarat 185 #1 well. The well will be drilled to a planned depth of 3,048m (10,000 ft) and will test both the Fusselman and Wolfberry targets.
- Drilling at **Bunbury #1** has been rescheduled to Q4 to accommodate delays in site building. The partners have agreed to move the proposed **Darwin #4** well forward to replace Bunbury. Darwin #4 will be located just to the south of Darwin #1 (Fusselman production) in Howard County and will target both Fusselman and Wolfberry objectives. Drilling at Darwin #4 is expected to be underway in September. Target has a 50% WI in the Darwin lease.
- **Wagga Wagga #2** was put on pump on 1 August 2014 following fracture stimulation in July. Oil production at the well has continued to increase with last reported production of 110 BOPD with 195 BWPD. Approximately 12,500 barrels of load water are yet to be recovered (Table 2). Target has a 35% WI in the Wagga Wagga lease.
- **Homar #1** was put on pump on 5 August 2014 following fracture stimulation in July. In the first 3 days of production the well averaged 49 BOPD with 234 BWPD and (estimated) 150 mcf/d. Approximately 12,037 barrels of load water are yet to be recovered (Table 3). Target has a 50% WI in Homar #1.
- Fracture stimulation at **BOA North #4** is imminent with the work scheduled to commence in the week of 11 August 2014. Target has a 50% WI.

### 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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Managing Director, Laurence Roe commented: “Both Homar #1 and Wagga Wagga #2 are now on pump and initial flow rates look encouraging. With the stimulation of BOA North #4 planned for this week we expect to see these wells add to our production rates. Although, as we previously noted, it is taking longer to schedule fracture stimulation crews, we expect to get a crew to Ballarat 185 #1 in mid-September.

“In the meantime we will complete our drilling programs at BOA North #5 and Taree #1 – the rig will then move off to drill one well in an adjacent area before returning to Darwin #4 in late September.

“The remainder of 2014 will be a busy period for Target and the Board remains confident the Company is on track to complete its 10 well drill program by the end of the year.”

ENDS

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. Note also that Target reports a thermal equivalent when combining gas and oil production, where 1BOE = 6 mcf.*

Well Reporting Summary – BOA North #5	
<b>Name and Type of Well</b>	BOA North #5, Oil Development Well
<b>Well Location</b>	Howard County, Texas
<b>Lease Description</b>	S12 , Block 33 T-2S, A-1353, T&P RR Survey
<b>TEX Working Interest</b>	50%
<b>Report Date</b>	7:00 pm 8/08/14 (Western Aust Standard Time) / 6:00 am 8/08/14 (USA Central Daylight Time)
<b>Current Depth:</b>	1,388m. All reported depths are measured below the Rotary Table (RT) on the rig floor.
<b>Progress</b>	Spud well at 03:30 hrs on 30 Jul 2014. Drill ahead to 416.4m (1,366 ft); run and cement surface casing. Drill ahead to 1,388m (4,390 ft); prepare to run intermediate casing.

**Table 1**

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### Well Reporting Summary – Wagga Wagga #2

<b>Name and Type of Well</b>	Wagga Wagga #2, Oil Producer
<b>Well Location</b>	Glasscock Co, Texas
<b>Lease</b>	S221, Block 29, A-496; W&NW RR Co Survey, Glasscock Co
<b>TEX Working Interest</b>	35%
<b>Geological Rock Type</b>	Wolfberry – carbonates, shales and minor sandstone
<b>Depth of Zones Tested</b>	2,453m – 2,893m
<b>Type of Tests Undertaken</b>	On production
<b>Duration of Tests Undertaken</b>	Put on pump on 1 August 2014
<b>Hydrocarbon Phases Recovered</b>	Oil, Gas
<b>Other recovery</b>	11,048 Barrels of Load Water (total load now recovered: 47%)
<b>Choke Size Used</b>	On pump
<b>Flow Rates</b>	110 BOPD + 195 BWPD (7 August 2014) 58 BOPD + 226 BWPD (Average 1 – 7 August July 2014)
<b>Number of Fracture Stimulations</b>	7 zones stimulated
<b>Material Volumes of Non-Hydrocarbon Gases</b>	Nil

**Table 2**

### Well Reporting Summary – Homar #1

<b>Name and Type of Well</b>	Homar #1, Oil & Gas Producer
<b>Well Location</b>	Howard Co, Texas
<b>Lease</b>	S24, Bl 35 A-1538; T&P RR Co Survey, Howard Co
<b>TEX Working Interest</b>	50%
<b>Geological Rock Type</b>	Wolfberry – carbonates, shales and minor sandstone
<b>Depth of Zones Tested</b>	2,832m – 3,160m
<b>Type of Tests Undertaken</b>	On production
<b>Duration of Tests Undertaken</b>	Put on pump on 5 August 2014
<b>Hydrocarbon Phases Recovered</b>	Oil, Gas
<b>Other recovery</b>	12,037 Barrels of Load Water (total load now recovered: 69%)
<b>Choke Size Used</b>	On pump
<b>Flow Rates</b>	47 BOPD + 240 BWPD + est 150 mcfgd (7 August 2014) 49 BOPD + 234 BWPD (Average 5 – 7 August July 2014)
<b>Number of Fracture Stimulations</b>	7 zones stimulated
<b>Material Volumes of Non-Hydrocarbon Gases</b>	Nil

**Table 3**