



ASX Announcement

26 February 2014

Sydney #2 Production Climbs to 395 BOEPD – A 25% Increase from Initial Flow Rate

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

- Sydney #2 is presently flowing at 395 BOEPD (311 BOPD with 503 mcfgd) from the Fusselman Formation – exceeding the initial high-end production rate (announced 19 February 2014) by 25%.
- Drilling has commenced at BOA 12 #3, considered a low risk, step-out well situated approximately 550m (1,800 ft) southeast of the Company’s 2011 BOA 12 #1 well. The well is expected to be in an up-dip position which should greatly improve the prospectivity of the Fusselman formation. The well will test both the Wolfberry and Fusselman sections and is expected to take 15 days to drill to the planned Total Depth of 3,048m (10,000 ft).
- At Wagga Wagga #1, the completion and testing program remains underway. The Devonian section was fracture stimulated on 21 February 2014 at a depth of approximately 2,850m after previously recovering oil while swabbing the well. The well is presently recovering load-water.

Managing Director, Laurence Roe commented on the increase in production at Sydney #2: “We are delighted with the 25% increase in production at Sydney #2 – the rate appears to have stabilised at around 395 BOEPD - a very good result.

“We are also back to drilling with the first well in our 2014 Fairway program, the BOA 12#3, which commenced drilling operations earlier this week. This is a low risk, step-out location close to our BOA 12 #1 oil well. In the light of the very good results seen so far in Sydney #2, this should be a very exciting well.

“At Wagga Wagga #1, we have completed the single stage fracture stimulation of the Devonian section – we are presently recovering load water from the frac. As mentioned previously, we are also progressing plans to proceed with a more extensive frac interval, production from which would be additional to any production from the Devonian.”

ENDS

For and on behalf of TARGET ENERGY LIMITED

Managing Director

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Laurence Roe, Managing Director
Stephen Mann, Director
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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 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	
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	On Production
Duration of Tests Undertaken	72 hours
Hydrocarbon Phases Recovered	933 Barrels of Oil (57%) + 1509 mcf Gas
Other recovery	693 Barrels of Water (43%)
Choke Size Used	On Pump
Flow Rates	311 BOPD + 231 BWPD + 503 mcfgd (22-24 Feb 2014)
Number of Fracture Stimulations	Nil
Material Volumes of Non-Hydrocarbon Gases	Nil

Well Reporting Summary	
Name and Type of Well	BOA 12 #3, Step Out/Appraisal (Oil)
Well Location	Howard Co, Texas
Lease Description	S12, Block 33 T-2S, A-1353, T&P RR Survey
TEX Working Interest	60%
Report Date	7:00 pm 25/02/14 (Western Aust Standard Time) / 6:00 am 25/02/14 (USA Central Daylight Time)
Current Depth:	TBA. All reported depths are measured below the Rotary Table (RT) on the rig floor.
Progress	Well spudded.