

## ASX Announcement

10 June 2014

### Fairway Operations Update

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

- Drilling has concluded at the **Homar #1** well (Target has a 60% Working Interest) with the well reaching a Total Depth of 3,292m (10,800 ft). **Homar #1** experienced strong oil and gas shows throughout the Wolfberry section as well as a strong show in the Fusselman Carbonate. Production casing has been run in the well, which will be completed as an oil and gas producer.
- Drilling is currently underway at **Ballarat 185 #1**, approximately 5 kms east of the Sydney lease in Glasscock County. Operations commenced on 7 June 2014, with the well presently at a depth of 128m (420 ft), running surface casing. **Ballarat 185 #1** will be drilled to a planned Total Depth of 3,350m (11,000 ft) and will test Fusselman and Wolfberry targets. Target has a 60% Working Interest.
- At **Wagga Wagga #2** (Target has a 45% Working Interest), following testing of three zones in the Devonian and Fusselman sections, plans are underway to undertake a fracture stimulation of the lower Wolfberry section – similar to that performed in Wagga Wagga #1. It is expected that the stimulation program will commence in approximately a months time.

Managing Director, Laurence Roe commented on the operations: “We remain very active. Homar #1 has been cased for production - not only did we get good shows in the Wolfberry there, but we had a pleasant surprise in the Fusselman with a strong show in that zone. We are drafting plans for the completion program, but expect we will test the Fusselman first. The rig has since moved to our Ballarat 185 #1 location and should take about two weeks to drill that well.

“At Wagga Wagga #2, initial testing indicated that we are on the edge of a Fusselman accumulation that we believe is stratigraphically trapped – this sets up a good Fusselman prospect just north of this well. In the meantime, we’ll complete this well in the Wolfberry. We are waiting on a frac crew and should have that underway in three or four weeks.

“We will have a short break in drilling after Ballarat, but will come back strongly with a minimum three well back-to-back program in August and September, with at least two more wells to follow before the end of the year.”

### 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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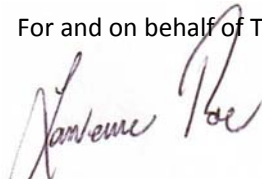
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ENDS

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 – Homar #1

<b>Name and Type of Well</b>	Homar #1, Oil Exploration Well
<b>Well Location</b>	Howard Co, Texas
<b>Lease Description</b>	S24, Bl 35 A-1538; T&P RR Co Survey, Howard Co
<b>TEX Working Interest</b>	60%
<b>Report Date</b>	7:00 pm 5/06/14 (Western Aust Standard Time) / 6:00 am 5/06/14 (USA Central Daylight Time)
<b>Current Depth:</b>	3,292 m (Total Depth). All reported depths are measured below the Rotary Table (RT) on the rig floor.
<b>Progress</b>	Drill ahead to 3,292m (10,800 ft); run and cement production casing. Rig released on 4 June 2014.

### Well Reporting Summary – Ballarat 185 #1

<b>Name and Type of Well</b>	Ballarat 185 #1, Oil Exploration Well
<b>Well Location</b>	Glasscock County, Texas
<b>Lease Description</b>	S185, Bl 28, A-815 and A-A483, Waco & Northwestern Survey
<b>TEX Working Interest</b>	60%
<b>Report Date</b>	7:00 pm 8/06/14 (Western Aust Standard Time) / 6:00 am 8/06/14 (USA Central Daylight Time)
<b>Current Depth:</b>	128 m. All reported depths are measured below the Rotary Table (RT) on the rig floor.
<b>Progress</b>	Spud well at 10:15am on 6 June 2014. Drill ahead to 128m (420 ft); run and cement surface casing.