



ASX Announcement

29 September 2014

Fairway Project Operations and Corporate Update

US focused oil and gas producer Target Energy Limited ("Target") provides the following updates for its Fairway Project in West Texas.

Corporate

As previously advised, the sale of a 10% Working Interest in the Fairway Project to Aurora Energy Partners ("Aurora"), a Texas general partnership in which Victory Energy Corporation (OTCQX: VYEV) owns a 50% interest and serves as managing partner, was to have been completed on 10 September 2014.

Aurora failed to make the requisite payment for the Second Closing by the agreed 10 September 2014 date. Subsequent efforts to address the matter did not yield a successful resolution and following Target's advice to Aurora that if the closing was not completed in a timely manner, it intended to withdraw the Second Closing assets from sale, Target has been advised by Aurora that it considers the PSA terminated as to the Second Closing assets.

Accordingly, in addition to the First Closing payment of A\$2.7m (US\$2.5m) from Aurora on 30 June 2014 (as announced), Target will continue to retain its 60% working interest in the Robb lease (part of Homar) along with the Bunbury, Section 4 and Taree leases and in part of the Ballarat and Darwin leases.

Managing Director Laurence Roe commented, "The Target board concluded that there was no advantage to Target in extending the closing process any further. We therefore confirm that the Second Closing will not occur as contemplated by the PSA and we are presently assessing all our future options in this matter.

"As previously announced, Target plans a full divestment of Fairway in early 2015 to capture the value of the project, and on this basis we are more than happy to keep our original Working Interest in the Second Closing assets.

"Since the sale was initially negotiated, four more wells have been successfully drilled - all of which have been, or are being, brought into production and three additional wells are planned to be drilled by year end.

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

ABN

73 119 160 360

Contact details

6 Richardson St, Suite 5
West Perth WA 6005
Tel: +61 8 9476 9000

1900 St James Place, Suite 425
Houston Tx 77056
USA
Tel: +1 713 275 9800

E: admin@targetenergy.com.au

W: www.targetenergy.com.au
www.targetenergyusa.com

Media Inquiries:

Australia

Ross Dinsdale
Business Development Manager (Perth)
+61 8 9476 9000 office
+61 429 702 970 mobile
ross.dinsdale@targetenergy.com.au

USA

Bradley Holmes
Target Investor Relations (Houston)
+1 713 304 6962 cell
+1 713 654 4009 direct
brad.holmes@targetenergyusa.com



ASX Announcement

29 September 2014

"Based on previous discussions, we also expect to jointly market our interests along with the operator and at least one other partner, putting a 90% - 100% working interest and operatorship up for sale.

"Frankly, from Target's perspective, by retaining these assets we will have a more valuable package for the planned divestment."

Operations

Drilling at the **Taree 193 #1** well in Glasscock County (Target WI: 50%) was completed on 18 September 2014 after the well had drilled to a Total Depth of 2,988m (9,803 ft). Refer Table 1. A preliminary assessment of the wireline logs data was encouraging and the well has been completed for production. It is expected that potentially productive pay zones in the Ellenburger and Fusselman zones will be tested initially prior to any decision regarding timing of a fracture stimulation program.

Mr. Roe noted, "In terms of our ongoing operations, we are expecting to test the Fusselman at BOA North #5 in the next few weeks and should be able to test the Fusselman and Ellenburger zones in the Taree well shortly thereafter. The fracture stimulation at Ballarat is now scheduled for next month.

"The Company remains committed to completing its planned 2014 drilling program at Fairway."

ENDS

For and on behalf of TARGET ENERGY LIMITED


Managing Director

Well Reporting Summary – Taree 193 #1		
Name and Type of Well	Taree 193 #1, Oil Exploration Well	
Well Location	Glasscock County, Texas	
Lease Description	S193, Bl 28, A-815 and A-A483; W&NW RR Co Survey	
TEX Working Interest	50%	
Report Date	7:00 pm 18/09/14 (Western Aust Standard Time) / 6:00 am 18/09/14 (USA Central Daylight Time)	
Current Depth (Total Depth):	2,988m (TD)	All reported depths are measured below the Rotary Table (RT) on the rig floor.
Progress	Drill ahead to 2,988m (9,803 ft – Total Depth); run wireline logs, run production casing. Well to be completed for oil and gas production. Rig released on 18 Sep 2014.	

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.

Table 1