

target

TARGET ENERGY LIMITED ABN 73 119 160 360

2011

Good Oil Conference



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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.

Since the last Good Oil Conference...

- ✓ Investmet backs Target in \$3.6m re-capitalisation (Dec 10-May 11)
- ✓ Graham Riley, Prof Ralph Kehle, Stephen Mann joined Target boards (Jan, Mar 11)
- ✓ Target secures entry into West Texas Oil resource Play (March 11)
- ✓ Target tests South Texas potential resource play (April 11)
- ✓ Target takes interest in high-potential by-passed pay prospect in South Louisiana (June 11)
- ✓ Snapper A-3 re-completed in Lower 3rd Marg Tex for 110 BOPD with 300 mcfgd (June 11)
- ✓ East Chalkley development drilling advanced, then deferred (Nov 10)
- ✓ Target opens Houston office (Sept 11)



Corporate



Snapshot

Shares on issue (TEX)		248.3m	
Listed options	TEXOB \$0.10 exp 31 Oct 2012	53.0m	
Unlisted options	\$0.05 exp 31 Mar 2012	30.3m	
	\$0.07 exp 31 Mar 2013	30.3m	
	\$0.10 exp 31 Mar 2014	30.3m	
Recent Share price Cash (31/06/11)	8.2c	Market Cap	A\$20m A\$1.8m

Directors & Management

Chris Rowe	Chairman
Laurence Roe	Managing Director
Graham Riley	Non Executive Director
Stephen Mann	Non Executive Director
Ralph Kehle	Chairman TELA (USA)*
Mike Martin	Non Executive Director TELA (USA)*
Rowan Caren	Company Secretary
Stephen Morris	Development Advisor
William Sikora	VP Finance (USA)

*TELA (USA), Inc. is a wholly-owned subsidiary of Target Energy

New Directors

Graham Riley – B.Jur, LLB - Director

Graham has been responsible for the foundation and growth of a number of petroleum and mining companies and is currently Chairman of Buru Energy, an ASX-listed oil and gas exploration company and recently of Giralia Resources, a diversified mining and exploration company which has been responsible for the spin-off of five independently listed commodity-specific explorers from the extensive project book it had built over recent years. He also holds private petroleum interests in the US.

A founding Director of ARC Energy and former Non-Executive Director of Adelphi Energy, Graham is a qualified legal practitioner (B Jur, LLB).

Stephen Mann CA

Stephen is a Fellow of the Institute of Chartered Accountants of Australia and had over 30 years of experience as a chartered accountant prior to his retirement from private practice in 2003. Since 2003 he has acted as the chief financial officer and more recently as a consultant to the Nacap Asia Pacific Group, a large Dutch group that specialises in oil and gas pipeline construction. He is also a Director of Investmet Limited (a significant shareholder in Target Energy), a non-executive Director of the ASX-listed company Pegasus Metals Ltd and a non-executive Director of Altus Renewables, an unlisted public company.

Dr Ralph Kehle – PhD, M.S, B.S. (Hons) – Chairman, TELA (USA), Inc.

Professor Kehle has been engaged in the oil and gas business for 48 years and has to his credit the discovery and development of a 300+ Billion cubic feet (Bcf) extension to the Coleman North Gas Field in Alberta, Canada, the discovery of the 200+ Bcf Guerra Field and the 15 million barrel Stockyard Oil Field, both in Texas. During his career he has served as CEO and Chairman of Hershey Oil Corp, Senior Vice President, Exploration of American Exploration Company (both publicly listed), and founded TKA Exploration and of OilTex International Ltd - now Enerplus, listed on the Toronto Exchange.

He has previously served as a director of EPIC Geophysics, Inc. a seismic processing company, Aerodata (now Fugro), an Airborne geophysical company, and Stevens & Tull, LLC, a petroleum exploration and production company. He has been Associate Professor of Geological Sciences, University of Texas (Austin), and has held various positions in affiliates of Standard Oil Company, New Jersey (Exxon), where among other contributions he was co-inventor of the Super Frac. Currently Ralph is President of Eichen Petroleum Management, Inc. and Manager of two oil and gas investment partnerships – Avalon Oil Company and Hermosa Energy Partners. He also serves as advisor to G-4 Resources, Inc.

New Projects - Resource Plays



US Resource Plays

“Resource play” is a term to describe an accumulation of hydrocarbons known to exist over a large areal expanse and/or thick vertical section which, when compared to a conventional play, typically has a lower geological and/or commercial development risk and lower average decline rate. (Kansas Independent Oil and Gas Association)

Key Resource plays in the US

Wolfberry / Eagle Ford / Haynesville / Barnett / Marcellus / Fayetteville / Bakken

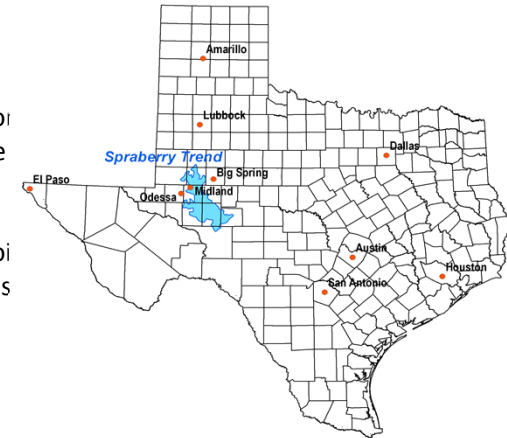
Resource or “Unconventional” Plays - Tight Oil / Gas, Shale Gas -
are the hottest plays in the US at this time:

- June 2010, Exxon completes \$31 billion merger with shale gas producer XTO.
- Oct 2010, CNOOC (China National Offshore Oil Company) pays \$1.08 billion for a one-third stake in Chesapeake’s Eagle Ford Shale asset.
- Feb 2011, BHP announces a \$4.75 billion purchase of Chesapeake’s Fayetteville Shale interests.

Wolfberry Oil Resource Play

The Wolfberry play, originally named because of the commingling of production from the Wolfcamp and Spraberry Formations, is a major low-permeability oil play in the Permian Basin.

Located principally in western Texas, the Permian Basin is one of the most prolific oil producing basins in North America. The largest accumulation of oil and gas reserves in the Permian Basin is found in the Spraberry trend, which cover large parts of six counties and has a total area of approximately 2,500 square miles. The Spraberry trend is ranked third in the United States by total proved reserves and seventh in total production.



The Wolfcamp, stratigraphically below the Spraberry, is itself a significant producer in the Permian Basin. It is equally well known for its low permeability in most areas in the basin. Advancements in completion methods have made it possible to combine production from the Spraberry and Wolfcamp zones in areas that were previously uneconomic on a standalone basis, achieving robust economic results. The play has continued to evolve to include additional zones below the Wolfcamp; now, Wolfberry refers to any well with commingled production from the Mississippian through the Spraberry. Completions in the Wolfberry are generally anticipated from a 2,500 to 3,000 foot gross interval, and located between 7,000 to 10,500 feet, drilling depth. Completions begin at the bottommost formation, and can include up to 8 to 12 fracture stimulations.

Senior oil and gas producers such as Concho Resources, Linn Energy, St. Mary Land and Exploration, Pioneer Natural Resources, Oxy USA, ExL Petroleum, Mariner Energy, and Cambrian Management, are actively developing the Wolfberry. Literally thousands of wells have been drilled since the beginning of the play in late 2007. As an example, Pioneer have announced plans to drill 1,000 Wolfberry wells in 2012.

Wolfberry Oil Resource Play

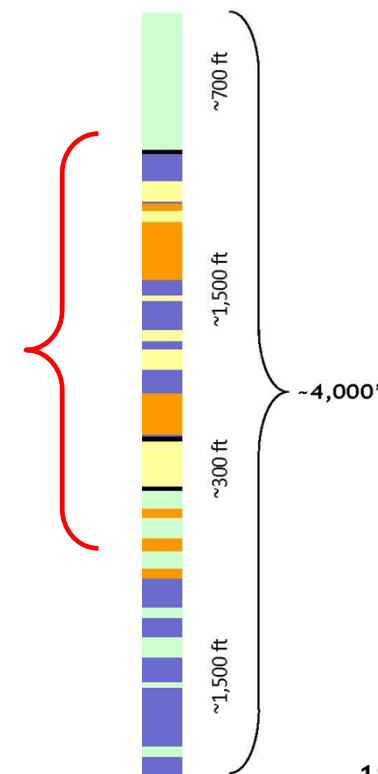
Spraberry - Stacked Pay Oil Resource Play

PIONEER
NATURAL RESOURCES

- Approximately 4,000' of gross pay interval from ~6,000' to 10,000'
- Comprised of 4 main traditional pay zones

TARGET COMPLETION ZONES		
	"SPRABERRY" WELL	"WOLFBERRY" WELL
UPPER SPRABERRY	YES	YES
LOWER SPRABERRY	YES	YES
DEAN	YES	YES
WOLFCAMP	YES	YES
DEEP WOLFCAMP	NO	YES

- Additional pay from non-traditional organic rich shale/silt zones



11

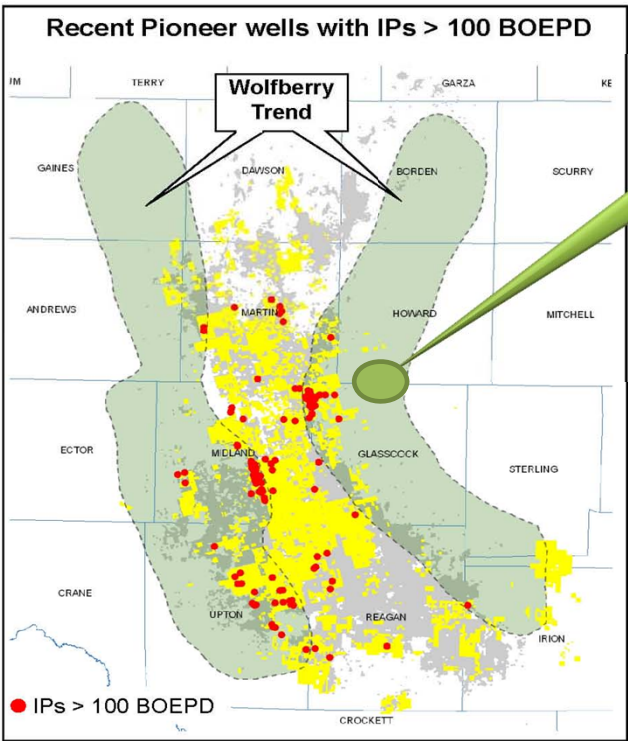
From Pioneer Natural Resources March 2010 Investor Presentation. Pioneer is one of the largest companies in the Spraberry/Wolfcamp play.

Wolfberry Oil Resource Play

Wolfberry

PIONEER
NATURAL RESOURCES

- Proven play with robust well performance
- EURs of 120 - 150 MBOE
- Several hundred drillable locations
- Significant portion of future drilling programs



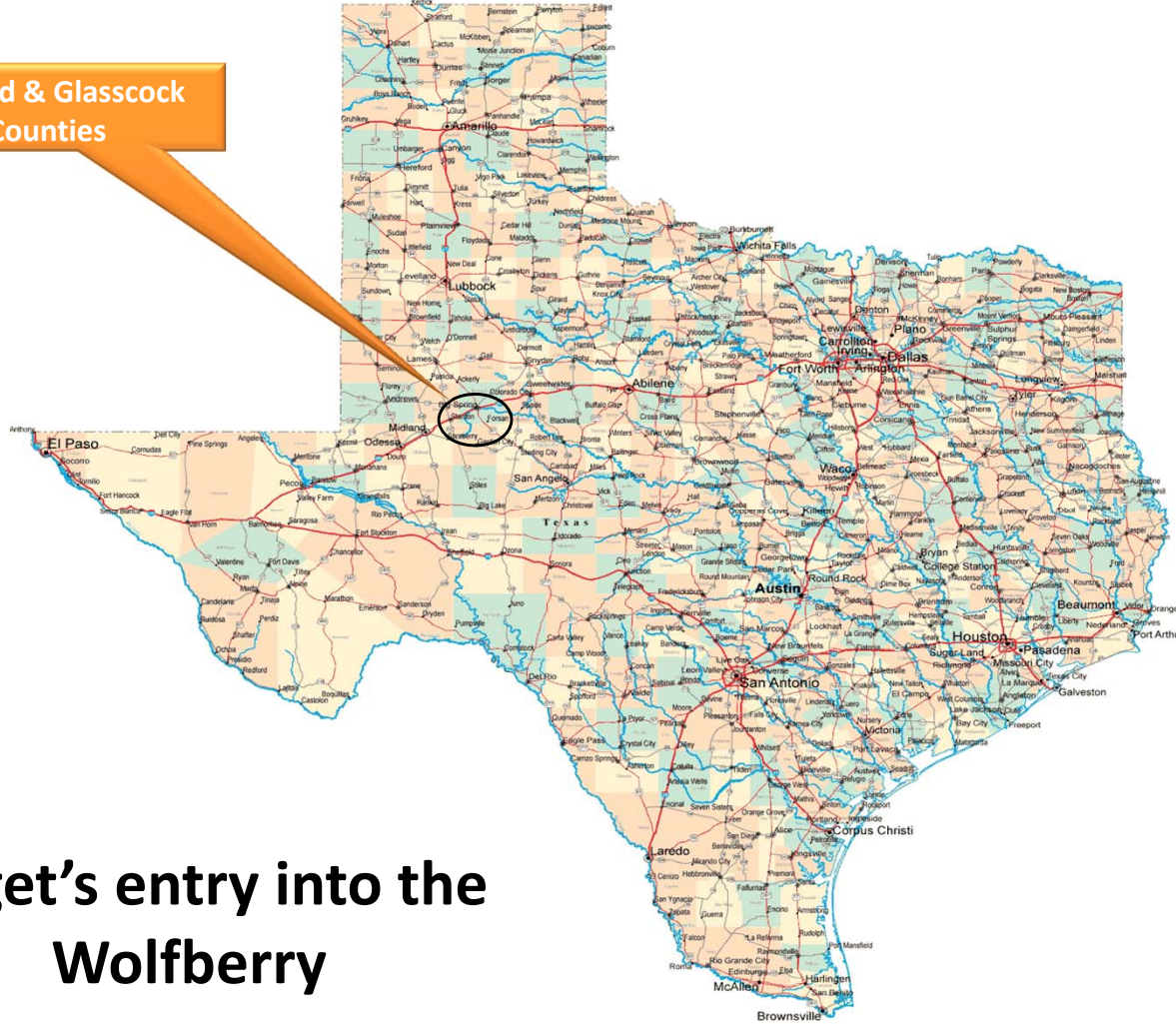
From Pioneer Natural Resources March 2010 Investor Presentation. Pioneer is one of the largest companies in the Spraberry/Wolfcamp play.

Wolfberry Oil Resource Play

- Wolfberry wells typically cost US\$1.2m – \$2.0m to drill and complete (including fracing).
- Multi-stage Wolfberry frac typically targets over 7 separate zones.
- Typical Wolfberry well commences production at 100-115 BOPD, declining to 35 BOPD within 12 months and declining at approx 5% pa thereafter.
- In Fairway project area, deeper targets are also attractive, with recent Fusselman wells producing up to 800 BOPD. All Fairway wells will test the Fusselman.

Fairway Project – West Texas

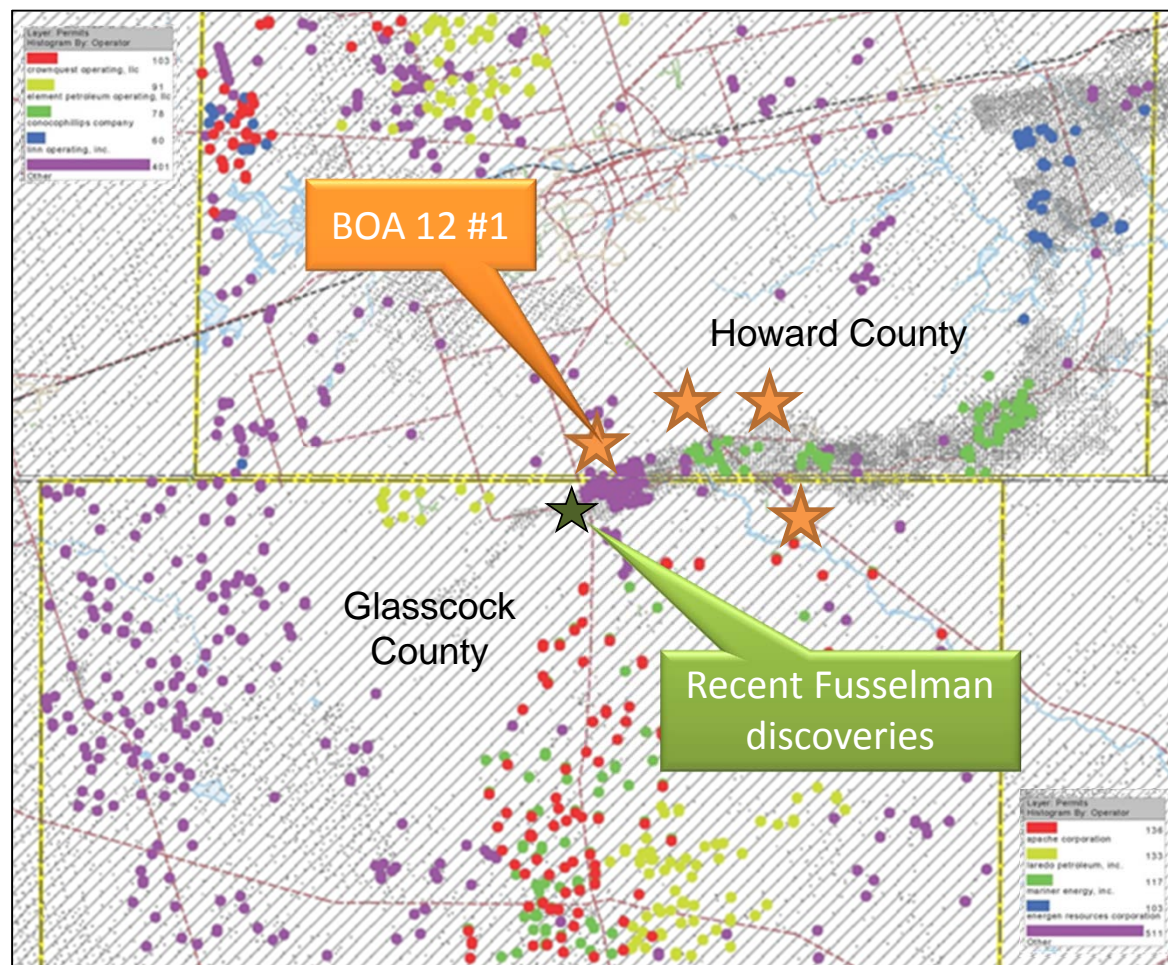
Howard & Glasscock
Counties



**Target's entry into the
Wolfberry**



Fairway Project – West Texas



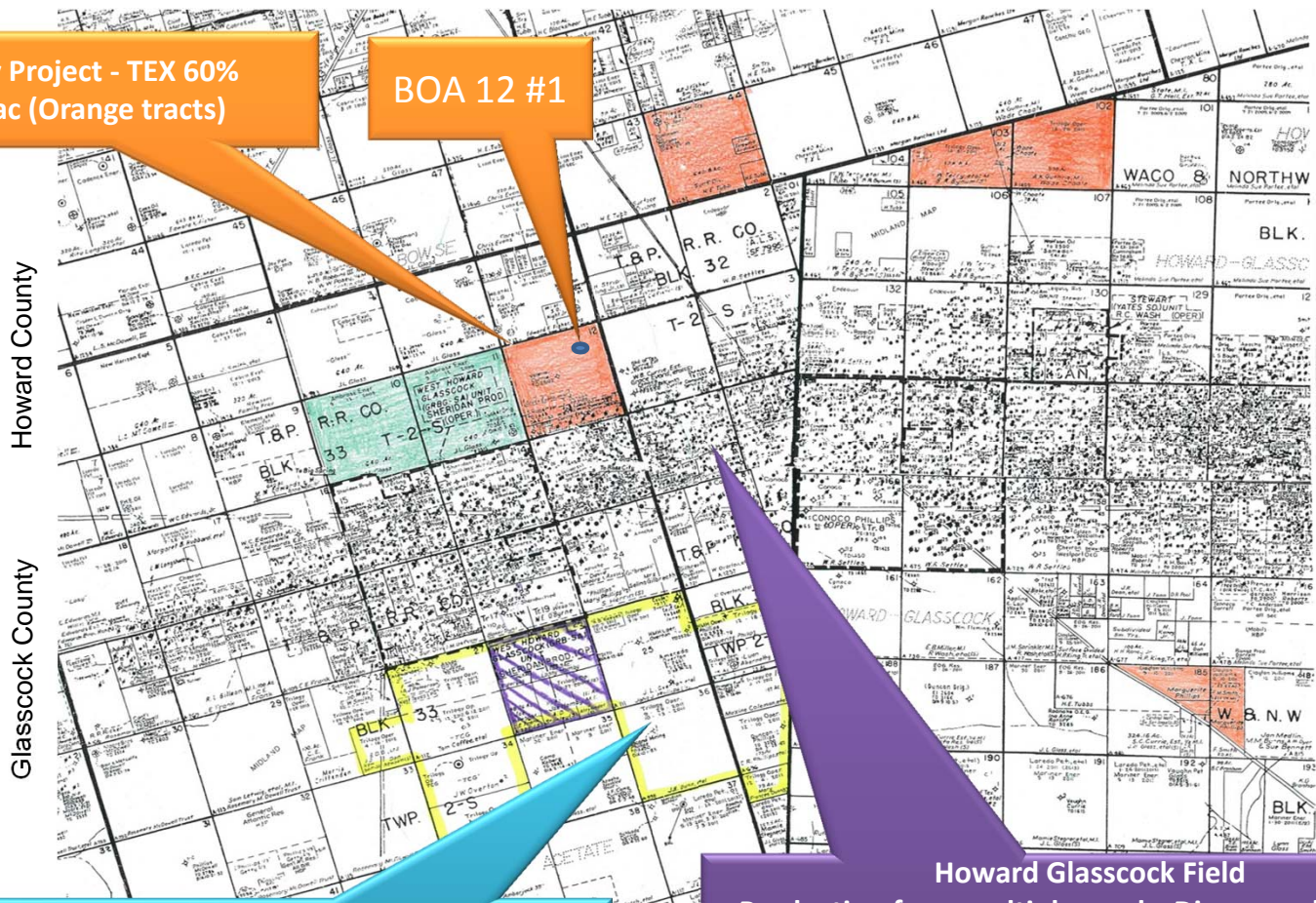
Location of Fairway Tracts and the BOA 12 #1 well.
Coloured dots show well locations permitted just in Howard and Glasscock Counties since 2007.

Fairway Project – West Texas



Fairway Project - TEX 60%
2,553 ac (Orange tracts)

BOA 12 #1



1 mile

Trilogi TCG project
(Fusselman/Wolfberry)
Fusselman wells producing at 132 – 800 BOPD
Now second largest producer in the county

Howard Glasscock Field
Production from multiple sands. Discovered in 1925 -
1,100 wells have produced over 410 million barrels oil.
Now down to 5 & 10ac spacing.
Third largest producer in the county

Fairway Project – West Texas

- Target Energy Working Interest 60%
- Net Mineral Acres: 2,553
- Acreage is tightly held in the area but there is a likely opportunity to add 1,280 contiguous acres in September.
- First well to spud about 5 Sept. Additional drilling planned prior to year end.
- Estimated number of development locations in 2,553 ac leasehold:
 - At 40 acre spacing 64
 - At 20 acre spacing 128
- Estimated number of development locations in expanded (3,883 ac) leasehold:
 - At 40 acre spacing 96
 - At 20 acre spacing 192

Fairway Project – West Texas

Type Well (Wolfberry plus additional zones)

30 year production life
Recovers app 180 MBOE

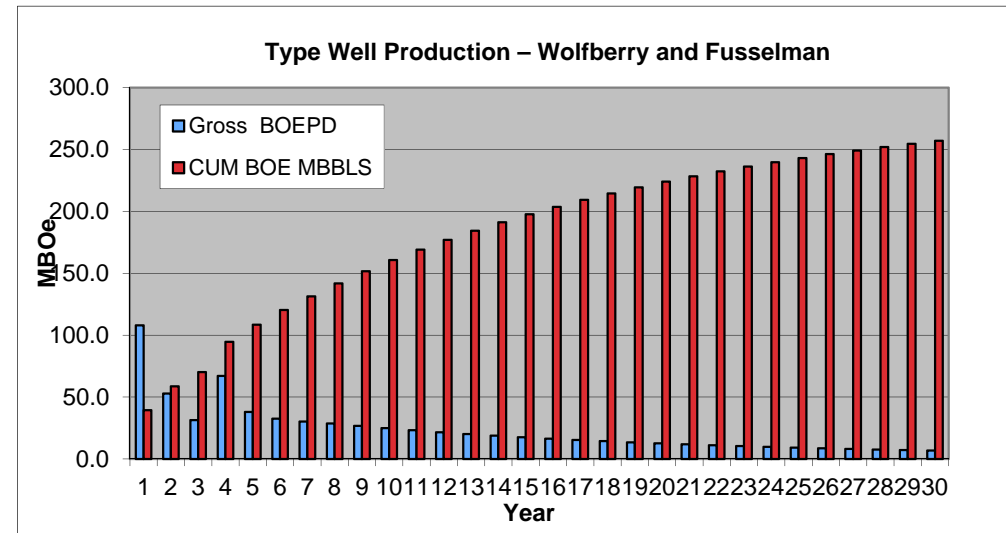
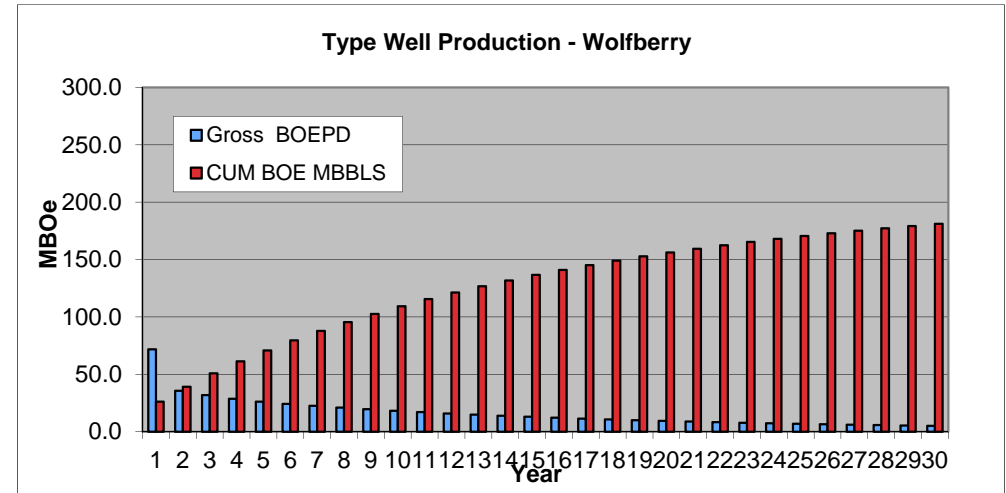
Payout in 24 months

Type Well (Wolfberry plus additional zones *plus Fusselman*)

30 year production life
Recovers >250 MBOE

Payout in 7 months

(US\$85/bbl oil escalated at \$5/bbl/yr to
\$110/bbl, then flat.)



Fairway Project – West Texas

Full Development 64 Well Program Model

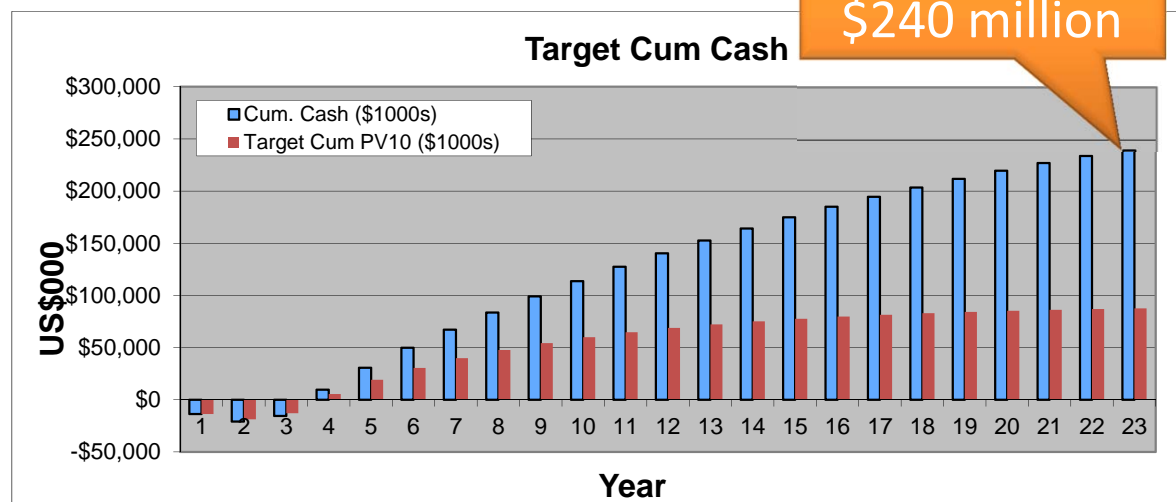
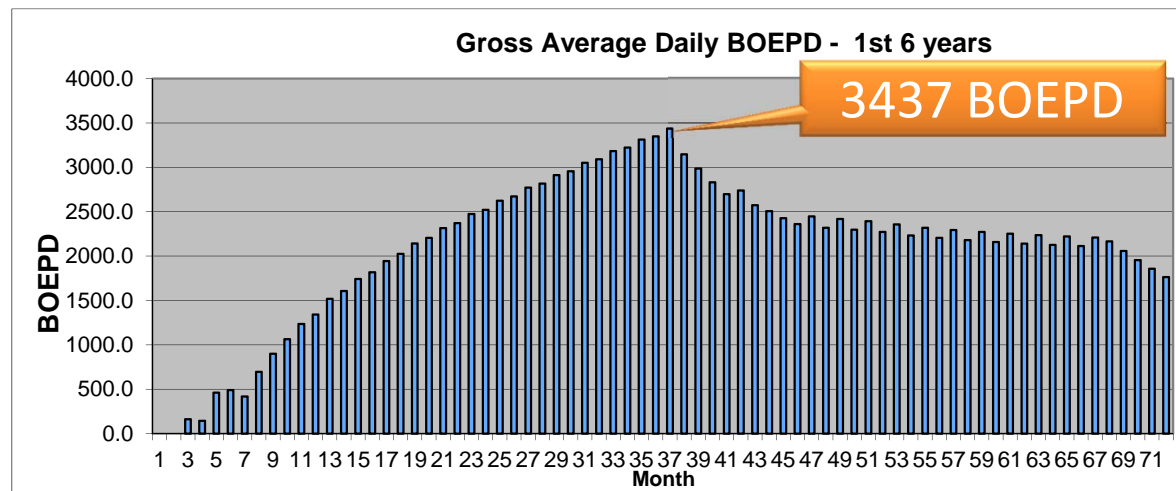
Production peaks at
>3400 BOEPD in 37 months

The 64 well model indicates up to 11.5 mmBOE prodn in 23 years; could generate **>\$240m in cash for TEX** (undisc.) or \$87m PV10.

Model assumes all 64 wells successful in Wolfberry with 16 successful in Fusselman as well.

US\$85/bbl oil escalated at \$5/bbl/yr to \$110/bbl, then flat.

target



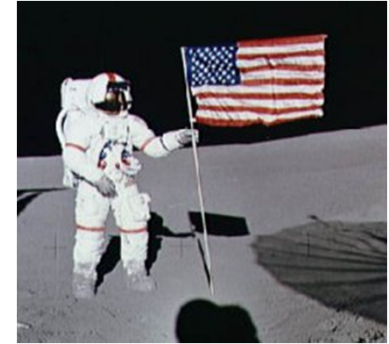
Shepard's Channel Prospect

Shepard's Channel – La Fourche Ph, La TEX WI: 7%

By-passed Gas Pay - 200 Bcf potential / 12 MMBC

500 Bcf – 1 Tcf in follow up Lo-Res “PUD” opportunities

- 1980 well encountered a >50-metre interval of porous and potentially gas-charged sands which were never tested.
- The sands were not the primary target in the well and the operator did not consider them to be prospective. The primary target was not intersected and the well was abandoned.
- Later 3D seismic defined the extent of the untested sands and showed them to be deposited in a channel covering approximately 1,200 acres. Detailed analysis of the well data strongly suggests that indications of the hydrocarbon potential of these sands were suppressed on the wireline logs and that if tested, they could have flowed at potentially commercial rates.
- A 2001 well, further updip in channel encountered >30m of very good clean pay, again with shows and again not tested due to low resistivity log signature.
- Local well (outside channel) – had gas in core samples in 30% porosity/ 700-800 mD sands that showed only 1.1+ Ohm resistivity = Lo-Res pay.
- Based on the well data and the 3D seismic, there is the potential for this prospect to hold up to 200 Bcf of recoverable gas with up to 12 MMBC.
- Work planned to commence in October.



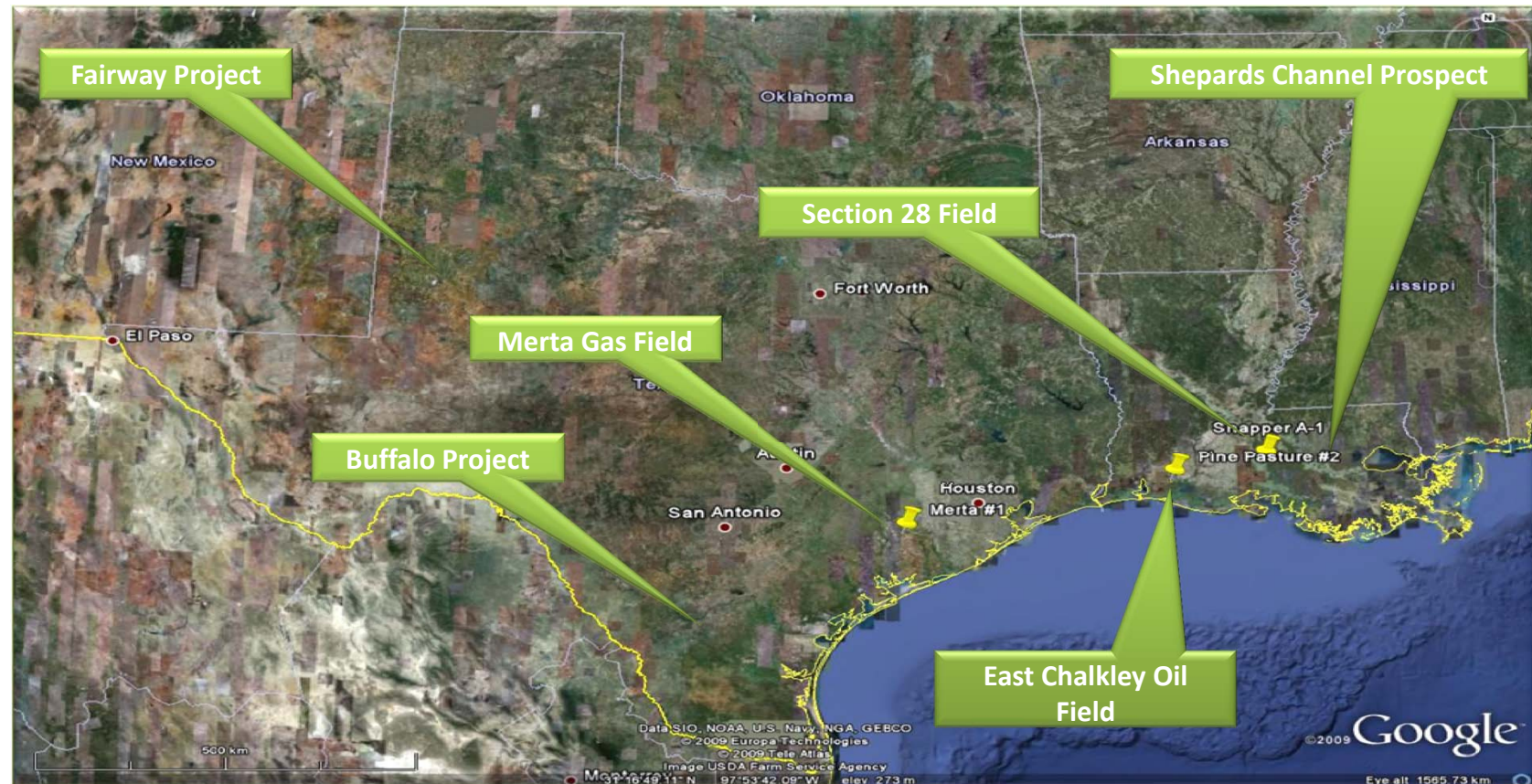
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Appraisal & Development



Target Energy Projects

Texas & Louisiana



target

Production, Appraisal & Development

East Chalkley Field, Cameron Parish, Louisiana

- Target Energy Working Interest 35%
- 2011 Independent Technical Specialist (RISC Pty Ltd) report on East Chalkley confirmed most likely technically recoverable reserves and resources (“2P/2C”) of **1.7 MMBO** with an upside (“3P/3C”) estimate of **4 MMBO**.
- Field producing approx 75 BOPD from Pine Pasture #1, #2 wells.
- Pine Pasture #3 Development well – potential Initial Production of 200-300 BOPD – deferred by operator.
- Potential for up to 6 appraisal/development wells + 2 injectors to develop down dip sector plus additional development well + 1 injector updip from existing production.
- Based on reserves from RISC report, Target estimates East Chalkley’s (“most likely”) NPV10 value at **US\$12.1 million net to Target** with a (“upside”) PV10 value of **US\$31.8 million net to Target**.



East Chalkley Tank Battery

Production, Appraisal & Development

East Chalkley Oil Field – Cameron Ph, La **TEX WI: 35%**

Production: Alliance W2 sands – approx 75 BOPD

Pine Pasture #1

Pine Pasture #2 (2008)

Section 28 Project – St Martin Ph, La **TEX WI: 25%**

Production: MgTex/Hackberry – app 400 mcfgd + 110 BOPD.

Snapper #A-1 (2007)

Snapper #A-2 (2008)

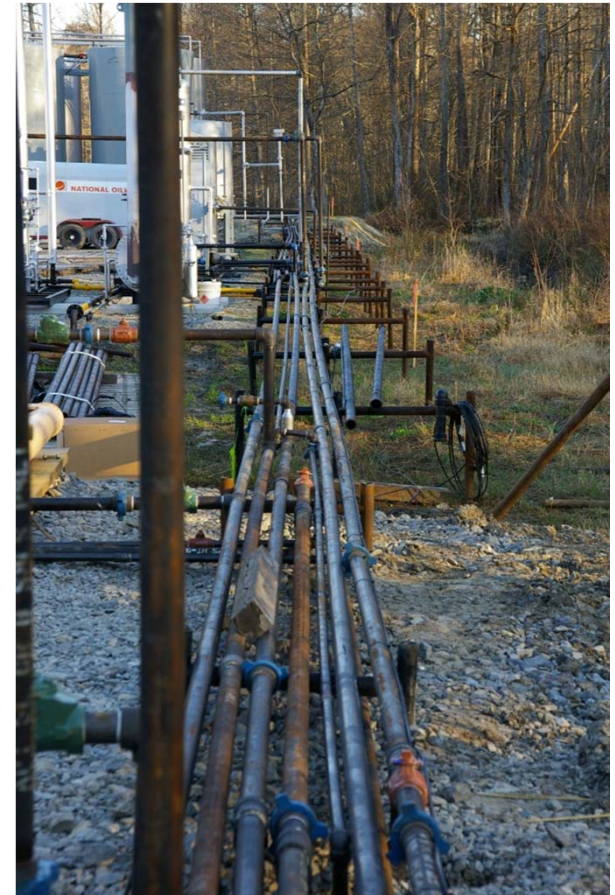
Snapper #A-3 (2009)

Multiple pay zones in all wells.

Highway 71 - Wharton Co, Tx **TEX WI: 25%**

Production: Cook Mountain – approx 300 mcfgd + 5 BOPD

Merta #1 (2009)



Projects – Production

Louisiana – Section 28 Program, St Martin Parish

Sand	Snapper A1	Snapper A3	Snapper A2
Marg Howie	Yet to be produced	Not Intersected	Yet to be produced
1st Camerina	Yet to be produced	Yet to be produced	Yet to be produced
3rd Marg Tex	In Production	Yet to be produced*	In Production
Lower 3rd Marg Tex	Not Intersected	In Production	Not Intersected
4th Marg Tex	Produced	Tight	In Production
Hackberry A1	Not Reached	Not Intersected	Produced
Hackberry A4	Not Reached	Produced	Produced



Buffalo Project

- *Target Energy testing a new Resource Play concept in South Texas.*
- *Numerous wells in the project area had untested shows in a sand/shale interval, up to 1200 feet thick.*
- *Target considered that this interval could respond well to fracture stimulation.*
- *Target reached agreement with leaseholders to earn a 50% interest in a 13,000 acre area by fracing 2 wells and drilling and fracing a horizontal well in the key interval. Each stage is at Target's discretion.*
- *Initial well fraced in mid April. Well flowing oil, gas and water.*
- *Production test was not showing marked increase in oil and gas production.*
- *Well now shut in – Target assessing forward plan.*

Reserves

Audited Reserves & Exploration Potential (net to WI/NRI)

Audited Reserves* (000 BOE)	Proved & Probable	Possible	Contingent (Best Estimate)	Contingent (High Estimate Increment)	Total
31/12/10	202.5	168.5	263.0	442.6	1076.6

Estimated Reserves+ (000 BOE)	Proved & Probable	Possible	Contingent (Best Estimate)	Contingent (High Estimate Increment)	Total
Merta #1	12.5	17.3	0	0	29.8

Total	215.0	185.8	263.0	442.6	1106.4
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*East Chalkley: Audited Reserves updated to 31/12/10

*SML A1, A2, A3: Audited Reserves update to 31/12/10.

+Highway 71: Estimate Only

What's coming up

Resource Plays:

Fairway / West Texas – drilling starting now

East Chalkley Oil Field Development:

Pine Pasture #3 Well (timing to be confirmed)

Further Appraisal/Development Drilling

Exploration:

Shepard's Channel Bypassed pay – Oct 2011

Ongoing Production:

Section 28 Project Area


East Chalkley Oil Field

Highway 71 (Merta #1)

Continue evaluation of new opportunities:

Corporate

Technical



Thank you for your attention

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