

01 July 2009

Company Announcements Platform
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

DRILLING COMMENCES AT SNAPPER A-3 TARGETING 4.2 BCF GAS & 331,000 BARRELS OF OIL

Target Energy Limited ("Target") (ASX: TEX) is pleased to announce that drilling has commenced at the Snapper A-3 well in St Martin Parish, Louisiana.

The Operator, Cypress Production, has advised that drilling commenced at 01:30 hrs on 30 June 2009 US Central Daylight Time (12:30pm WST). At 06:00 hrs US CDT, the well was at a depth of 53 metres.

Target MD Laurence Roe said, "Now that drilling is underway we look forward to a positive result. Snapper A-3 has the potential to bolster Target's current oil and gas production and our cash flow. Snapper A-3 is a low risk well with multiple proven and by-passed pay zones which represents substantial potential upside for our shareholders."

In total, the well is expected to penetrate up to six pay zones, testing a prospective fault segment that has risked recoverable potential of up to 4.2 Billion cubic feet of gas and 331,000 barrels of oil (unrisked recoverable potential up to 5.4 Billion cubic feet of gas and 461,000 barrels of oil).

Target Energy will earn a 25% Working Interest in zones above the Hackberry sands and a 21.625% Working Interest in the Hackberry sands. With a planned Total Depth of 3,277 metres, drilling at Snapper A-3 is expected to take approximately four weeks. Snapper A-3 is located approximately 300 metres from Target's Snapper A-1 producing well (TEX WI: 25%).

While drilling operations are underway at Snapper A-3, Target will issue weekly drilling updates every Thursday or at any such time that material matters require disclosure.

ENDS

For further information please contact:

Shareholders

Laurence Roe
Tel: (08) 9476 9000
Email: admin@targetenergy.com.au.

Media

Tony Dawe
Tel: 041 3322 110
Email: tony.dawe@bigpond.com

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 at least 5 years experience in the sector. He consents to that information in the form and context in which it appears.