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

## TARGET IDENTIFIES FURTHER COMMERCIAL GAS RESERVOIRS AT HIGHWAY 71

Perth-based oil and gas exploration and production company, Target Energy Limited (“Target” or “the company”) (ASX: TEX) has identified further potential commercial gas reservoirs in the deeper section of its Highway 71 exploration prospect.

On the basis of these results the well, located in Wharton County, Texas, will be completed as a producer and is expected to be brought on-line in early 2010.

Target’s managing director, Laurence Roe, said that this is an excellent outcome for the company.

“The Highway 71 prospect has delivered around 20 metres of net pay in three separate zones – both within our primary and secondary target intervals as well as in the shallower Yegua/Cooktown sands.

“In addition to the net pay already identified, we are presently assessing possible completion strategies for the 2<sup>nd</sup> Meek Sand. Log analysis has indicated that the zone contains approximately 22.9 metres of hydrocarbon bearing reservoir with low permeability and a possible water cut,” said Mr Roe.

“The partners in the Highway 71 well have agreed to run casing in anticipation of completing the well for production. In the meantime, analysis of the wireline log data will continue and work to design a suitable completion program is underway.

“While it is too early to speculate on ultimate flow rates and reserves, we expect the well to be completed within the month and we will be aiming to bring it into production before the end of January,” said Mr Roe.

Wireline logging at the well’s total depth (4,125 metres) has indicated the presence of approximately 11 metres of net gas pay in two zones – 4.9 metres of potential pay in the Upper Wilcox sands and 6.4 metres of potential pay in the 1<sup>st</sup> Meek “B” sand. In addition, a further 22.9 gross metres of possible pay has been identified in the 2<sup>nd</sup> Meek sand, with work ongoing to determine its prospectivity.

The Company has previously advised of approximately 9 metres of potential net gas pay within “Yegua/Cooktown” sands at approximately 2,347 metres depth

### MERTA #1 (HIGHWAY 71 PROSPECT)

All reported depths are measured depths below the Rotary Table (RT) on the rig floor.

**Report Date:** 8:00 pm 01/12/09 (Western Aust Standard Time) /  
6:00 am 01/12/09 (USA Central Daylight Time)

**Current Depth:** 4,125.2 metres RT (Total Depth).

**Progress:** Drill ahead in 165mm (6 ½”) hole from 3,837.8 m to 4,125.2 metres (Total Depth). Run wireline logs. Commence running 114mm (4.5”) casing to TD. Well is to be completed as a producer.

Hydrocarbon Indications	Formation	Comments
	Yegua/Cooktown	9 metres of net gas reservoir sands (as previously advised)
	Upper Wilcox	4.9 metres of net gas pay
	1 <sup>st</sup> Meek Sand	gas charged sand - appears tight
	1 <sup>st</sup> Meek "B" Sand	6.4 metres of net gas pay
	2 <sup>nd</sup> Meek Sand	22.9 metres of lower permeability hydrocarbon-bearing reservoir (with possible water cut)

Target Energy has a 25% Working Interest in the Highway 71 prospect.

While operations are underway, the company will issue routine releases every Thursday or at any such time that material matters require an earlier release.

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For and on behalf of  
TARGET ENERGY LIMITED



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