

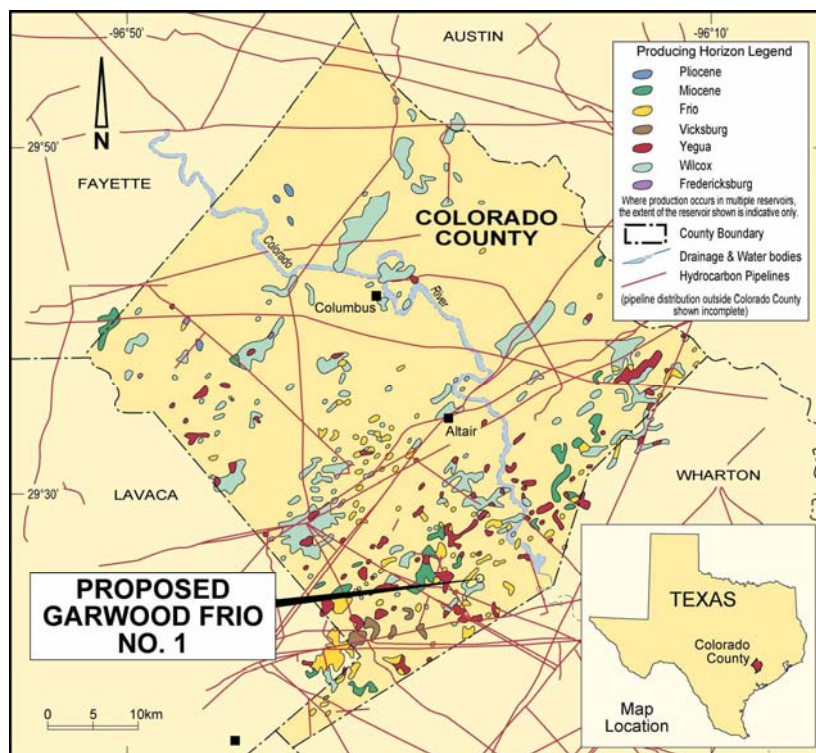
ASX ANNOUNCEMENT

5th June 2007

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

Drilling Commences at Garwood No. 1

Target Energy Limited (“Target”) advises that it has been informed by the Operator that drilling commenced at the Garwood No. 1 well at 1430 hrs on 3rd June 2007 (Western Australia Standard Time). At report time (2200 hrs on 4 June 2007, WST), the well was at a depth of 438.6m and drilling ahead. It is anticipated that the well will take approximately one week to drill to the programmed Total Depth of 4,750 ft (1,448 metres).



Garwood Frio No 1 is located approximately 112 kilometres west south west of Houston in Colorado County, Texas and is programmed to test an Oligocene age seismic amplitude anomaly at a depth of approximately 4,100 feet (1,250 metres). Potential recoverable reserves (as defined by the seismic anomaly) range up to 3 billion cubic feet (Bcf) of gas. The well will be drilled to a total depth of 4,750 feet (1,448 metres) to test additional Miocene and Frio potential.

Garwood Frio is located on trend with other local Frio gas discoveries, including Thoroughbred-1, and is within 1.6 km of existing gas pipelines.

Garwood Frio prospect Working Interest holders (subject to completion of earning phase):

| | |
|--|-------------------|
| Everest Resource Company | 25.00% (Operator) |
| Target Energy Limited | 25.00% |
| Rosetta resources Operating Company LP | 50.00% |

For further information on the Company please contact Laurence Roe on 08 9476 9000 or at admin@targetenergy.com.au.

Yours sincerely,



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.