

ASX ANNOUNCEMENT

8 June 2007

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

Target Energy commences production in Texas

Target Energy Limited ("Target") (ASX Code: TEX) is pleased to advise that gas production has now commenced at its Thoroughbred Gas Field in Texas, USA.

Thoroughbred is located approximately 112 kilometres west south west of Houston in Colorado County, Texas. The field was discovered in March 2007 when the Thoroughbred-1 exploration well encountered gas-charged sands at a depth of approximately 1,300m.

The well was flow tested and completed for production in April 2007. Operations to tie the well into the local gathering system were completed on 5 June 2007. The well then commenced production to sales at a rate of 355 thousand cubic feet of gas per day.

Target Energy's Managing Director Laurence Roe said the commencement of production was another milestone for the company.

"In just over six months from our listing on the ASX, we are now producing gas and generating income from our first discovery," Mr. Roe said.

"We are also progressing towards production from our second discovery. In Louisiana, the large amount of rain the area has been receiving has made it impossible to move a completion rig on site to commence flow-testing and completion operations at our Snapper A-1 discovery. We have three different rig companies that we can use for completion but need 5 to 6 days of clear weather so that our site can dry up enough to move the heavy equipment on location. We anticipate that we can have Snapper A-1 on production within a few months after the well is completed."

Target Energy Limited has a 25% Working Interest in both the Thoroughbred field and the Snapper A-1 well.

For further information please contact:

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

Media Enquiries
Tony Dawe
Tel: 041 3322 110

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.