



Good Oil Conference 2008

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# Target Energy Limited

- ASX listed (“TEX”) US-focused explorer and producer
- Active and successful - production and cash flow
- Active 2008 drilling program underway
- Excellent exploration and production upside
- Quality management

# Board and Management

## Didier Murcia, B.Juris, LLB – Chairman (Non Executive)

- Senior Partner of Murcia Pestell Hillard, leading Perth legal firm; Honorary Consul for the United Republic of Tanzania in WA
- Director of Aminex PLC, (listed on the London Stock Exchange), Gryphon Minerals and Gindalbie Metals (ASX-listed).

## Laurence Roe, B.Sc – Managing Director

- Petroleum explorationist - over 28 years experience in Australian and international projects.
- Former Exploration Manager, Magellan Petroleum Australia; former MD and Exploration Manager of Bounty Oil & Gas.
- Experience encompasses Australia, USA, NZ, Africa, Canada, Indonesia, Belize and Argentina.

## Michael Martin, B.Sc (Hons) – Director

- Petroleum exploration geologist – over 25 years experience
- Co-founder of Flare Petroleum N.L.
- Former director of Canadian listed Chariot Resources Ltd and Franklin Resources Ltd
- Experience in Australia, Middle East, Western Mediterranean, North Sea, USA.

## Paul Lloyd, B.Bus CA – Non Executive Director

- Chartered Accountant with over 20 years commercial experience
- Managing Director – Beacon Minerals Limited
- Former General Manager of Finance at DrillCorp Ltd.
- Extensive experience in the resource industry in Australia and Africa

## Ron Krenzke, B.Sc – Manager – North America

- Petroleum Explorationist with over 33 years experience in US and International arenas
- Houston, Texas based
- Co-founder of Gryphon Exploration Co in 2000 (later sold to Woodside Petroleum for app US\$300mm)
- Strong track record in petroleum exploration and company building

## Rowan Caren – Company Secretary

- Chartered Accountant
- Company secretarial, corporate and financial services to numerous ASX listed and unlisted companies.
- Listed clients have included Indo Mines Ltd, Gippsland Ltd, Prime Minerals Ltd, Clancy Exploration Ltd and Bounty Oil & Gas NL.

# Capital Structure

- Shares on issue (TEX): 104.3m
- Share Price (26 August): 9c
- Market Cap (26 August): \$9.4m
  
- Cash (31 July 08): \$5.6m
- Debt: Nil

## Options

- Listed (TEXO) 25c; exp 11/09: 62.9m
- Unlisted 20c; exp 06/11: 6m

# Activity



## What we've done ...

**Listed on ASX**                      **27 Nov 2006**

**First well drilled**                **29 Dec 2006**

**First discovery**                    **Mar 2007**

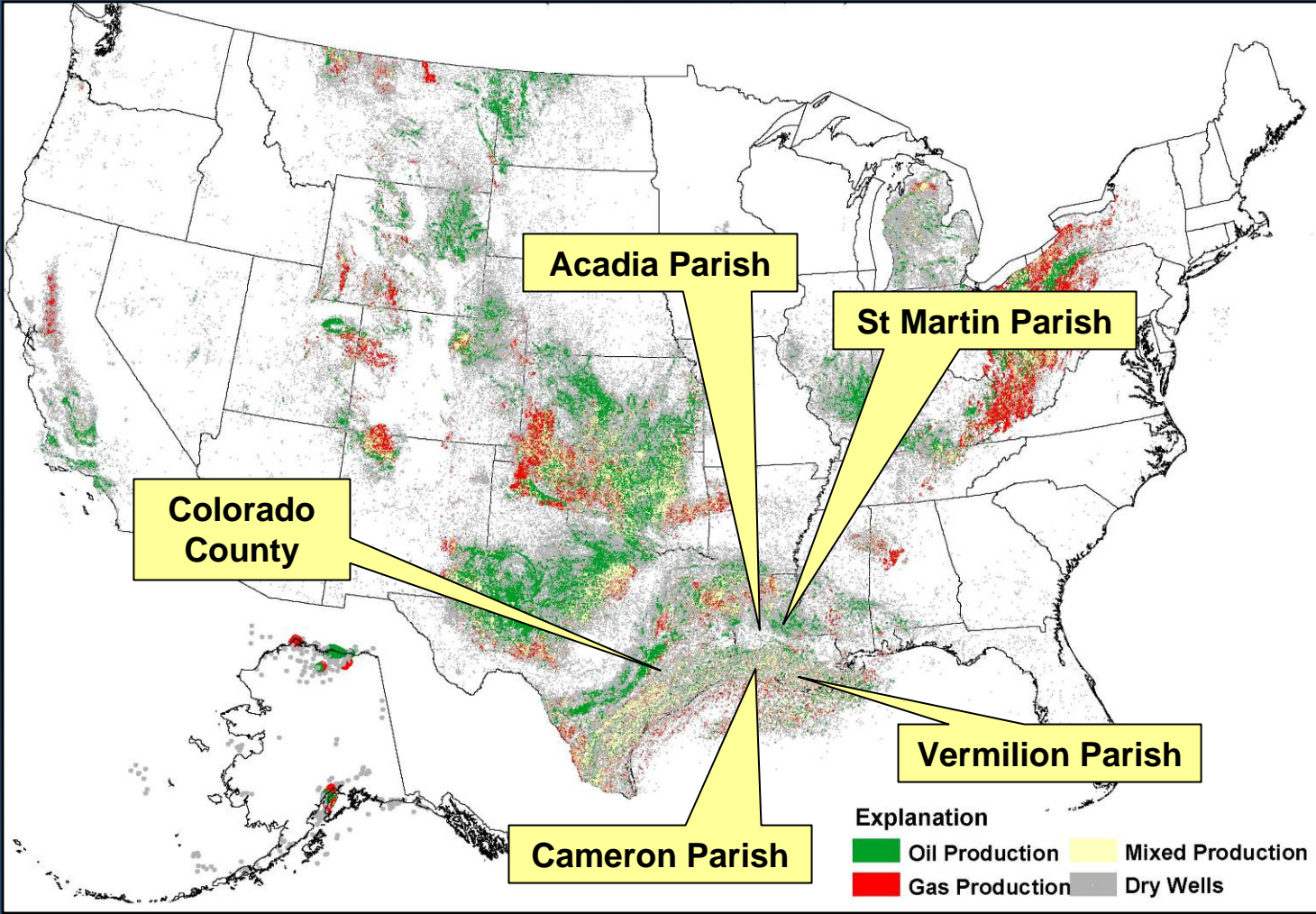
**First production**                **June 2007**

**9 wells drilled – 6 put on production**

**plus**

**4 more exploration wells in 2008 calendar**

# Drilling in active, prospective regions...



...Target is “in the right place at the right time”

# Active Drilling Schedule

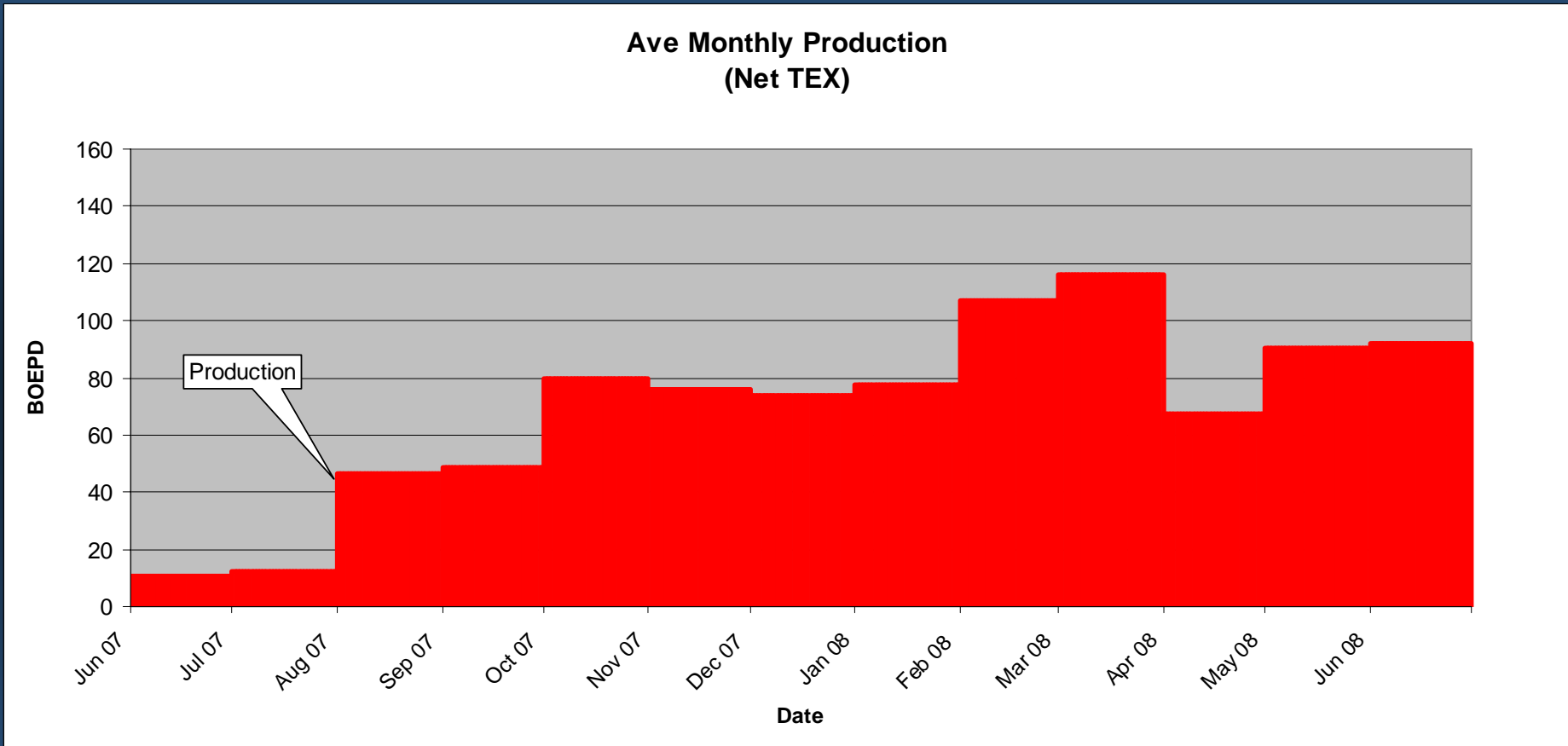
Estimated Timing	Prospect	Location	Target Working Interest^	
Dec 06	Kant	Texas	25%	Sub-commercial gas shows
March 07	Thoroughbred	Texas	25%	Shut-in
April 07	Snapper A-1	Louisiana	25%	On production
June 2007	Garwood	Texas	25%	On production
Oct 2007	Snapper A-2	Louisiana	25%	On production
Dec 2007	Bayou Berard	Louisiana	15%	Shut in
Mar 2008	Teche	Louisiana	10%	P & A
June 2008	East Chalkley	Louisiana	25%	Oil well - Flow testing
July 2008	Bandito	Louisiana	15%	P & A
Q3 2008	Bayou Berard ST	Louisiana	15%	
Q4 2008	Catapult 3	Louisiana	15%	
Q4 2008	Snapper A-3	Louisiana	25%	
Q4 2008	Parks North	Louisiana	10%	

*^Subject to finalisation of funding, farm-in and/or unitisation agreements*

**Success**



# Established Production & Income



Producing now → leveraged to the current high oil and gas prices

# Portfolio balances risk and reward

Prospect	Potential Recoverable Volumes (Unrisked)	Potential Net Target Value A\$ cents per share	Potential Recoverable Volumes (Risky)	Potential Net Equivalent Value to Target A\$ cents per share
Snapper A1	0.61 mmBO 2.25 Bcf	13	0.61 mmBO 2.25 Bcf	13
Garwood	0.1? Bcf	-	0.1? Bcf	-
Snapper A2	1 mmBO 1.4 Bcf	19	1 mmBO 1.4 Bcf	19
East Chalkley	2.4 mmBO 1 Bcf	38	0.46 mmBO	8
Snapper A-3	0.7 mmBO 4 Bcf	17	0.6 mmBO 3.2 Bcf	14
Catapult 3	10 mmBO 204 Bcf	267	2.5 mmBO 50 Bcf	66
Parks North	25.7 Bcf 0.15 mmBO	14	16.5 Bcf 0.10 mmBO	9
Bayou Berard (Marg Tex)	1 mmBO 0.44 Bcf	11	0.5 mmBO .25 Bcf	5
<b>Total A\$ per share</b>		<b>\$3.79</b>		<b>\$1.34</b>

Annotations: A yellow box labeled "70" is placed between the Potential Net Target Value and Potential Net Equivalent Value columns for Snapper A1, Garwood, Snapper A2, and East Chalkley. A yellow box labeled "40" is placed between the Potential Net Target Value and Potential Net Equivalent Value columns for Snapper A2, East Chalkley, Snapper A-3, Catapult 3, Parks North, and Bayou Berard. A yellow box labeled "✓ Producers" is placed to the left of the Snapper A1, Garwood, and Snapper A2 rows.

Assumptions: 104 million shares on issue. Oil netback is US\$90/barrel. Gas netback is US\$7/mcf. A\$/US\$ exchange rate is \$0.93c. Unrisked figures are operators upside estimates and represent total prospect or field potential prior to commencement of production – additional drilling may be required to fully recover volumes.

All figures are best estimates only and may vary.

# Upcoming Drilling



# Exploration Gas and oil/condensate Louisiana

## “High Potential Well”

### Catapult Prospect

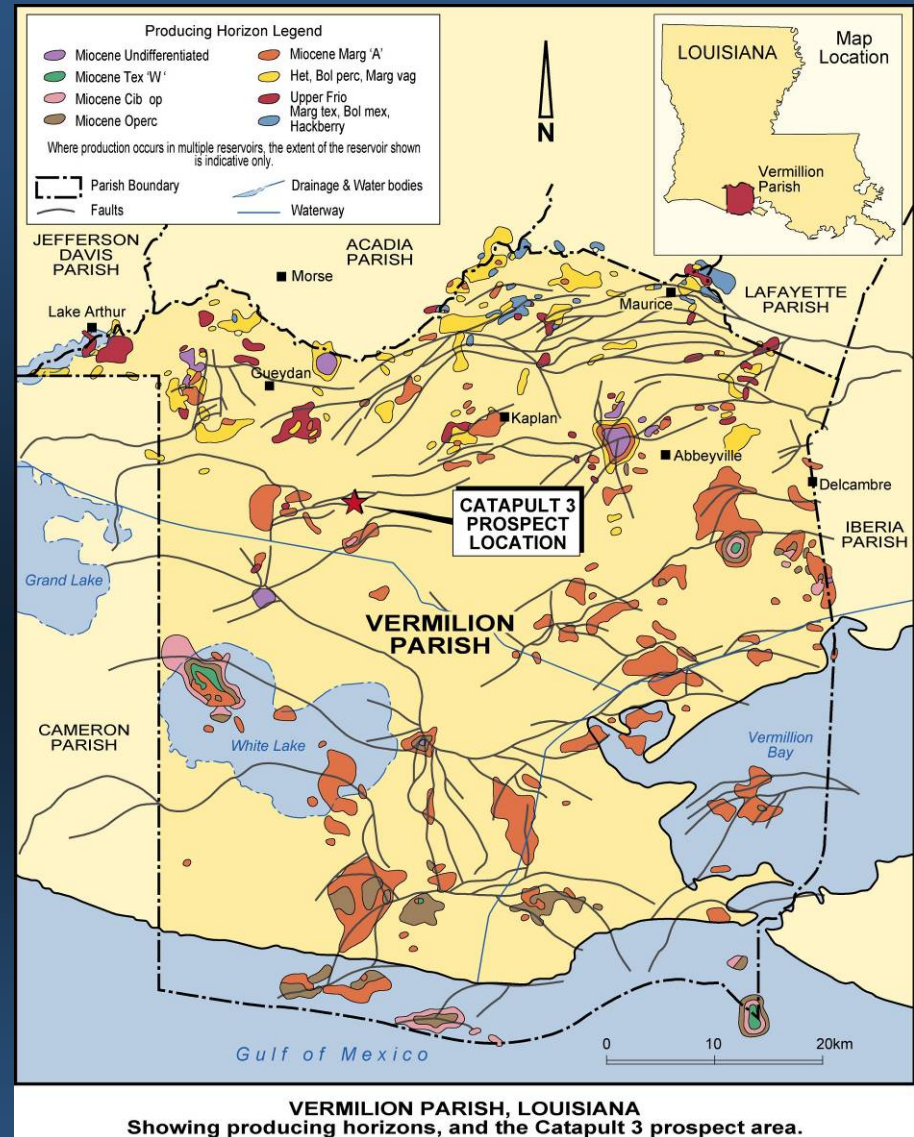
Operator: Legend Petroleum

Target’s Working Interest 15%

*Rig ordered - expect spud in 30-60 days*

Potential recoverable volumes:

Alliance Sands	82.4 Bcf + 4.1 mmBO
Trahan Sands	37.5 Bcf + 1.9 mmBO
Mulvey Sands	85.0 Bcf + 4.2 mmBO
<b>Total</b>	<b>204.8 Bcf + 10.2 mmBO</b>



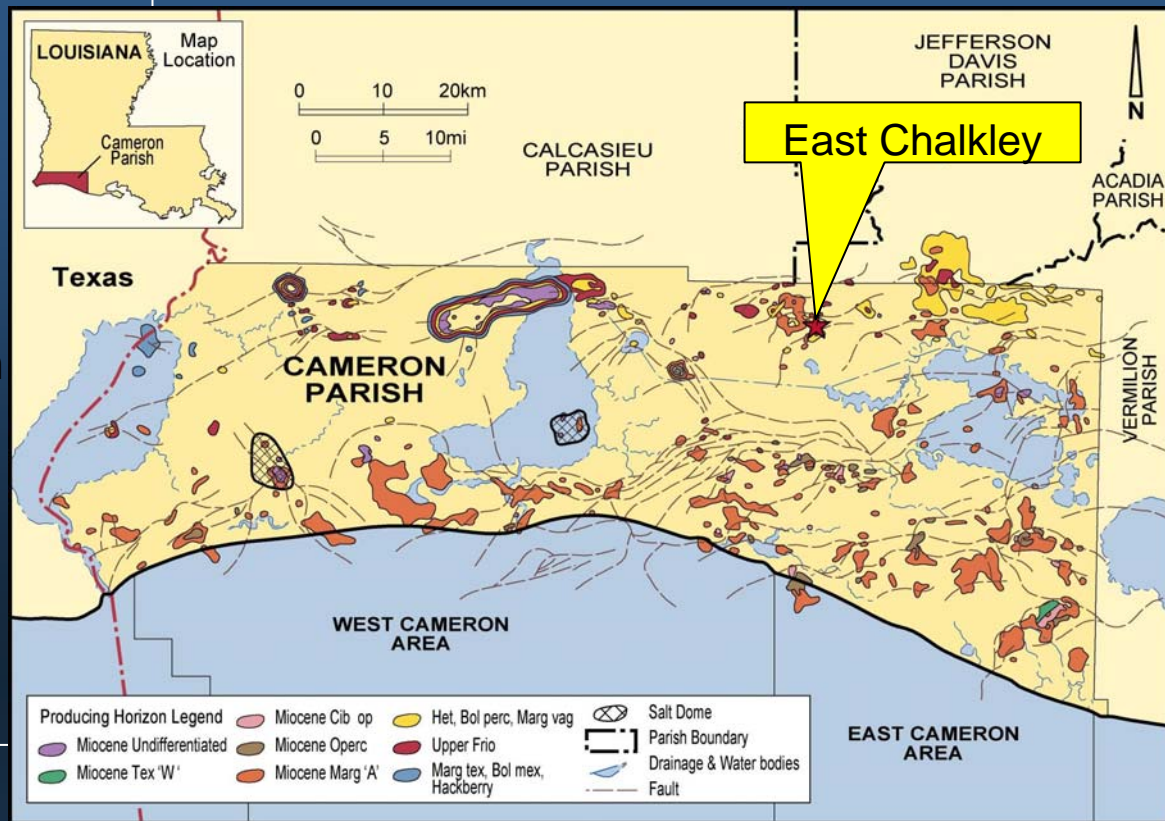
# Exploration Gas and oil/condensate Louisiana

## “East Chalkley” Project

Operator: Centurion Exploration  
Target’s Working Interest 25%

Our first well (Pine Pasture #2)  
encountered 9 m. of oil pay.

Flow tests underway.



Oil Appraisal/development project - potential recoverable volume: 2.4 mmBO

- Pine Pasture #2 well is pumping oil (app 80 BOPD) and water - as expected. Oil cut is approx 25% and appears to be slowly increasing.
- Flow testing at PP#2 will continue, with the well to be flowed at higher rates (600 – 790 BPD) in the next two weeks to gather additional pressure drawdown data to design optimal flow rates.

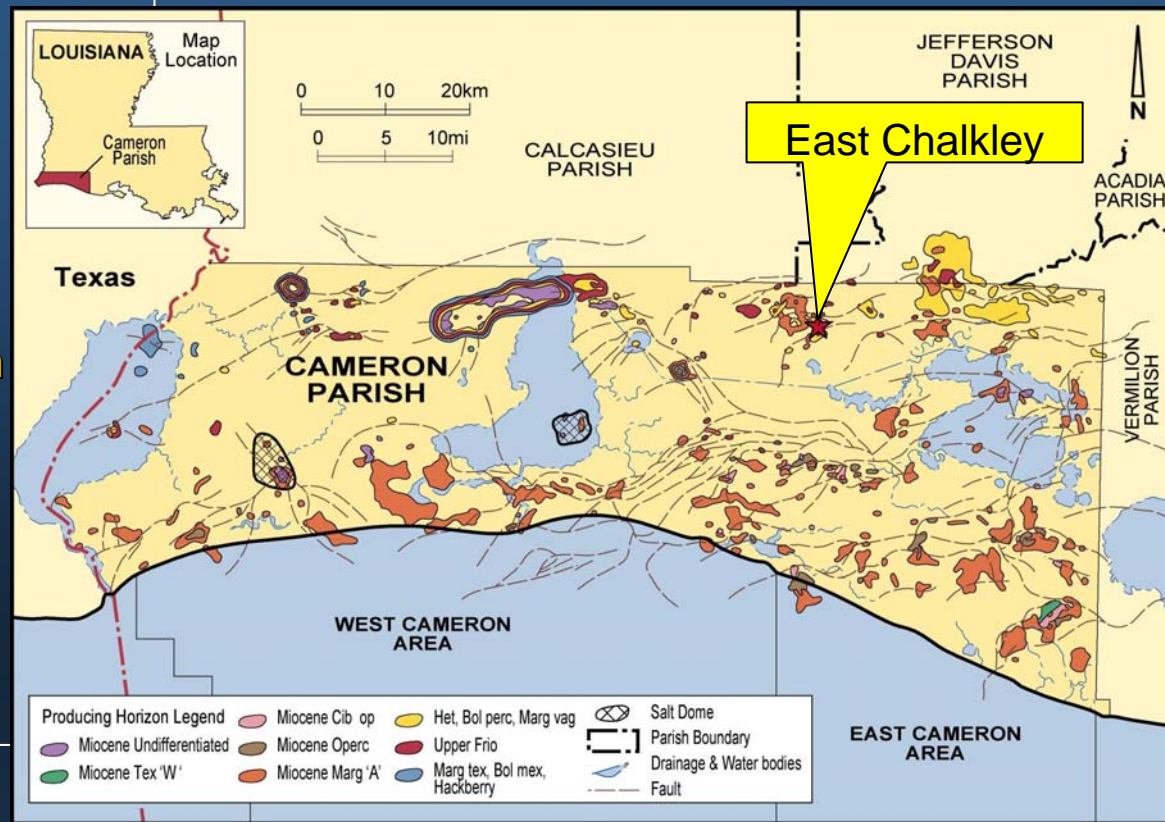
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Flow tests underway.



## Oil Appraisal/development project

- Phase 1 – new oil well drilled (Pine Pasture #2) - currently flow testing

- Phase 2 – appraisal wells/injection

The partners are contemplating drilling a salt-water disposal well to accommodate production at higher rates (presently trucking water off site). Also contemplating electrification of site (and pump).

Discussions are underway regarding timing and location of next appraisal well.

- Phase 3 – development program – additional injectors; upgrade production and water handling facility

# Exploration Gas and oil/condensate Louisiana

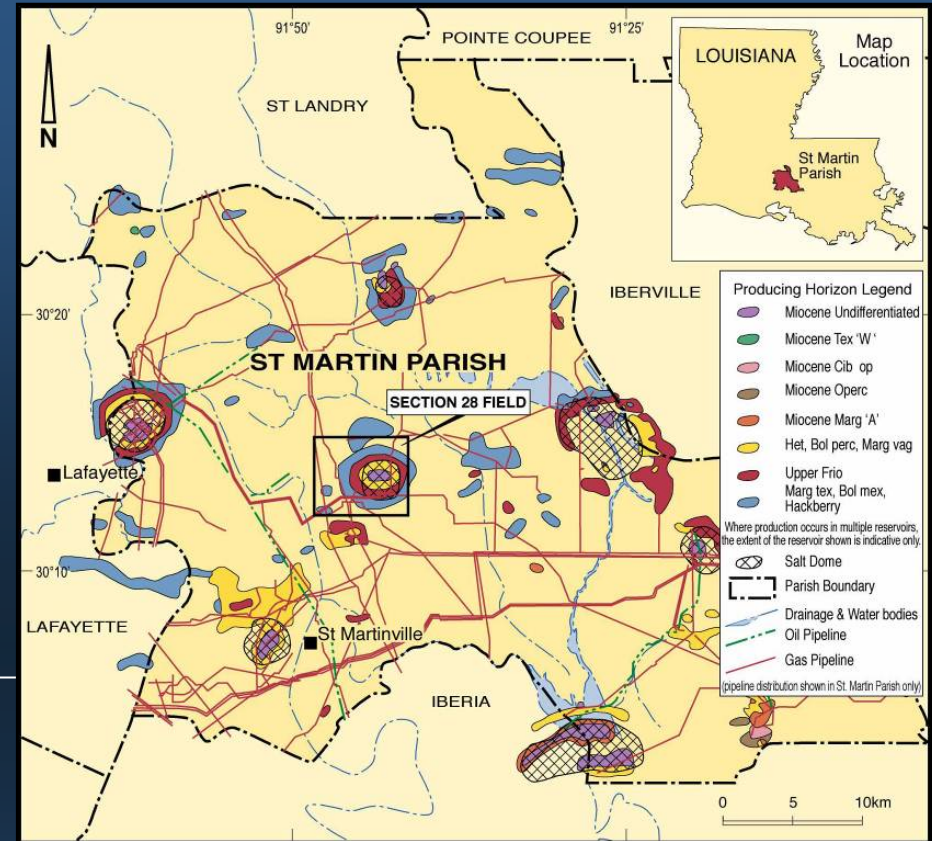
“Section 28” Program  
Operator: Cypress Productions  
Target’s Working Interest 10 - 25%

Three wells in Q3/Q4 08

- ✓ Snapper A1 in production
- ✓ Snapper A2 in production
- ✓ Bayou Berard Marg Vag production (ceased due mech prob)

3 wells scheduled Q3/Q4 08:

- Bayou Berard Side-track (1 mmBO/0.4 Bcf) Sep/Oct (15% WI)
- Snapper A-3 (4 Bcf/0.7mmBO) to spud Q4 (25% WI)
- Parks North (25 Bcf) planned Q4 (10% WI)



# Target Energy

- ✓ Successful and active US-focused explorer
- ✓ 6 producers from 9 exploration wells
- ✓ Leveraged to the current high oil and gas prices
- ✓ Active drilling program continuing
- ✓ Excellent exploration and production upside
- ✓ Quality management
  
- ✓ Next wells:
  - *will test (our share of) an aggregate 234 Bcf + 11.8 mmBO*
  - *have total potential Net Equivalent Value to TEX up to A\$3.09 per share\**

*\*as per unrisked reserve calculations on slide 11*

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