



ASX Announcement

9 March 2011

Target Takes 60% Interest in "Hot" West Texas Wolfberry Oil Resource Play

HIGHLIGHTS:

- Takes 60% in 1500 acres in highly prospective Wolfberry Oil Resource play.
- Participating in back-to-back wells to be drilled in Quarter 2, 2011.
- Wells targeting total reserves of approximately 440 mBOE.
- Possibility of 35 follow up well locations.

US-focussed oil and gas exploration and production company, Target Energy Limited (ASX:TEX), is pleased to advise that it has agreed to take a 60% Working Interest in the "Fairway" project, in the Permian Basin in West Texas.

The project area comprises approximately 1,500 acres in the highly prospective Wolfberry Oil Resource Play in the Permian Basin in West Texas. The project area is situated approximately 64 km northwest of Midland in Howard County.

Target will earn its 60% working interest in the project by paying acreage costs and participating in two wells. The program will be operated by Trilogy Operating Company of Midland, Texas which will also retain a 30% working interest. Drilling is expected to commence in the second quarter, with the two wells to be drilled back-to-back. Timing for each well, which will be drilled to a depth of around 2,925m (9,600 ft), should be approximately 15 days.

The wells will target both the Wolfcamp and Spraberry sections (collectively known as the "Wolfberry"), as well as the deeper Fusselman formation. It will also investigate additional potential in the Canyon, Cisco and Clearfork Formations - all of which produce in the area and will be tested in the Fairway drilling.

The wells will target reserves of approximately 140 thousand barrels of oil equivalent (mBOE) each in the Wolfberry, with potential for an additional 80 mBOE in the Fusselman formation. Using a 40 acre spacing, some 35 more wells could be located in the project area.

Target's Managing Director, Laurence Roe commented, "This is an important step for the company. The Wolfberry play in West Texas is one of the hottest resource plays in the US at this time. The widespread nature of the oil and gas bearing reservoirs here has been well known for many years, but it is only recently that completion techniques have been developed to properly exploit this resource.

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Corporate information

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TEXOB

Board of Directors

Chris Rowe, Chairman
Laurence Roe, Managing Director
Graham Riley, Director
Mike Martin, Director
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Rowan Caren, Company Secretary

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Overview of activities

Target is exploring and producing a suite of highly prospective oil and gas projects in the USA.

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 over 30 years' experience in the sector. He consents to that information in the form and context in which it appears.



ASX Announcement

9 March 2011

"Target has been looking for some time for a suitable entry into this play, and we are pleased to partner with Trilogy - an experienced and successful local operator which has recently drilled a number of successful wells immediately adjacent to these properties.

"Based on Target's assessment of the potential of the Wolfberry, we have also taken the opportunity to take a larger position in the project, and now with this foot-hold in West Texas, we will be looking for opportunities to expand our presence here," Mr Roe said.

Target is currently in negotiations on a number of other potential US asset acquisitions and will inform the market of any further developments in that regard.

(Some additional background information on the Wolfberry is appended to this release.)

ENDS.

For and on behalf of
TARGET ENERGY LIMITED

A handwritten signature in black ink, appearing to read "Laurence Roe". The signature is written in a cursive, flowing style.

Laurence Roe
Managing Director

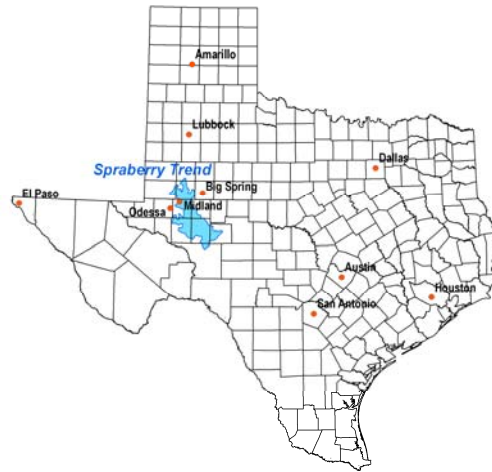
ASX Announcement

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Wolfberry – an oil resource play

The Wolfberry play, originally named because of the commingling of production from the Wolfcamp and Spraberry Formations, is a major low-permeability oil play in the Permian Basin.

Located principally in western Texas, the Permian Basin is one of the most prolific oil-producing basins in North America.



The largest accumulation of oil and gas reserves in the Permian Basin is found in the Spraberry trend, which covers large parts of six counties and has a total area of approximately 2,500 square miles. The Spraberry trend is ranked third in the United States by total proved reserves and seventh in total production.

The Wolfcamp, stratigraphically below the Spraberry, is itself a significant producer in the Permian Basin. It is equally well known for its low permeability in most areas in the basin.

Advancements in completion methods have made it possible to combine production from the Spraberry and Wolfcamp zones in areas that were previously uneconomic on a standalone basis, achieving robust economic results. The play has continued to evolve to include additional zones below the Wolfcamp. Wolfberry now refers to any well with commingled production from the Mississippian through the Spraberry. Completions in the Wolfberry are generally anticipated from a 2,500 to 3,000 foot gross interval, and located between 7,000 to 10,500 feet, drilling depth. Completions begin at the bottommost formation, and can include up to 8 to 12 fracture stimulations.

Several senior oil and gas producers, such as Concho Resources, St. Mary Land and Exploration, Pioneer Natural Resources, Oxy USA, ExL Petroleum, Mariner Energy, and Cambrian Management, are actively developing the Wolfberry. Over 2,000 wells have been drilled since the beginning of the play in late 2007.