

An oil pumpjack is visible in the lower-left quadrant of the image, set against a vast field of golden-brown grass. The sky is a deep blue with scattered white clouds. The pumpjack is a large, black, mechanical structure with a long arm and a counterweight, used for extracting oil from the ground. A green cylindrical tank is positioned in front of the pumpjack.

target
TARGET ENERGY LIMITED



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In a nutshell

Target Energy (ASX: TEX) is a Perth-based listed oil and gas exploration and production company, with a number of projects and prospects located in Texas and Louisiana, USA.

Our strategy is to balance low and medium risk drilling – designed to build a stable revenue stream – with higher risk and higher impact drilling that has the potential to add significant value for shareholders

Investment Highlights

- Successful and active explorer and producer
- Quality management
- Excellent exploration and production upside
- Successful Rights Issue in October raised \$2.5m (before costs)
- Active program:
 - “High Impact” well drilling now at Highway 71 prospect
 - Recent successful Snapper A3 well going into production
 - Increased working interest in East Chalkley Oil field to 35%





Exploration and production

Target is exploring and producing in three project areas:
Wharton County, St Martin Parish, and Cameron Parish

Exploration

Highway 71
High-impact well
Drilling underway
Estimated net
potential of app.
2.3 mmBOE

Production

**Drilled 10 wells to
date**
7 completed for
production
4 in production, 2
depleted and 1 shut-
in
Production app. 90
BOEPD (net TEX WI)

Development

East Chalkley
Upside potential
Appraisal and
development
Drilling and cost
reduction

Corporate





Corporate strategy

Objective

- To create shareholder wealth through building a world-class independent exploration and production company.

Strategies

- Balance low risk opportunities alongside high risk-high reward prospects.
- Explore in known active, producing areas close to producing infrastructure.
- Partner with successful explorers and producers.
- Use technology to reduce exploration risk.

Target Energy team



Didier Murcia - B.Juris, LLB – Chairman
Didier is a corporate solicitor with over 20 years corporate, commercial and legal experience.



Laurence Roe - B.Sc - Managing Director
Laurence has over 25 years industry experience, including substantial involvement with US and other international projects



Paul Lloyd - B.Bus CA – Director
Paul is a Chartered Accountant with 20 years' commercial experience.



Mike Martin - B.Sc (Hons), F.G.S – Director
Mike has been a practising geologist for over 25 years firm and is a co-founder of Flare Petroleum N.L

Gerry McGann, B.Sc (Hons) – Director
Gerry has over 30 years industry experience associated with oilfield discoveries totalling more than 200 million barrels in Australia, Middle East and the North Sea.

Corporate profile

Shares on issue (TEX)	156.4m
Listed options	
TEXO (exp 26/11/09; 25c)	62.8m
TEXOB (exp 31/10/12; 10c)	52.1m
Recent Share price range	4.3c-5c
Market Cap	A\$6.7m-\$7.8m
Cash (30/10/09)	A\$2.7m

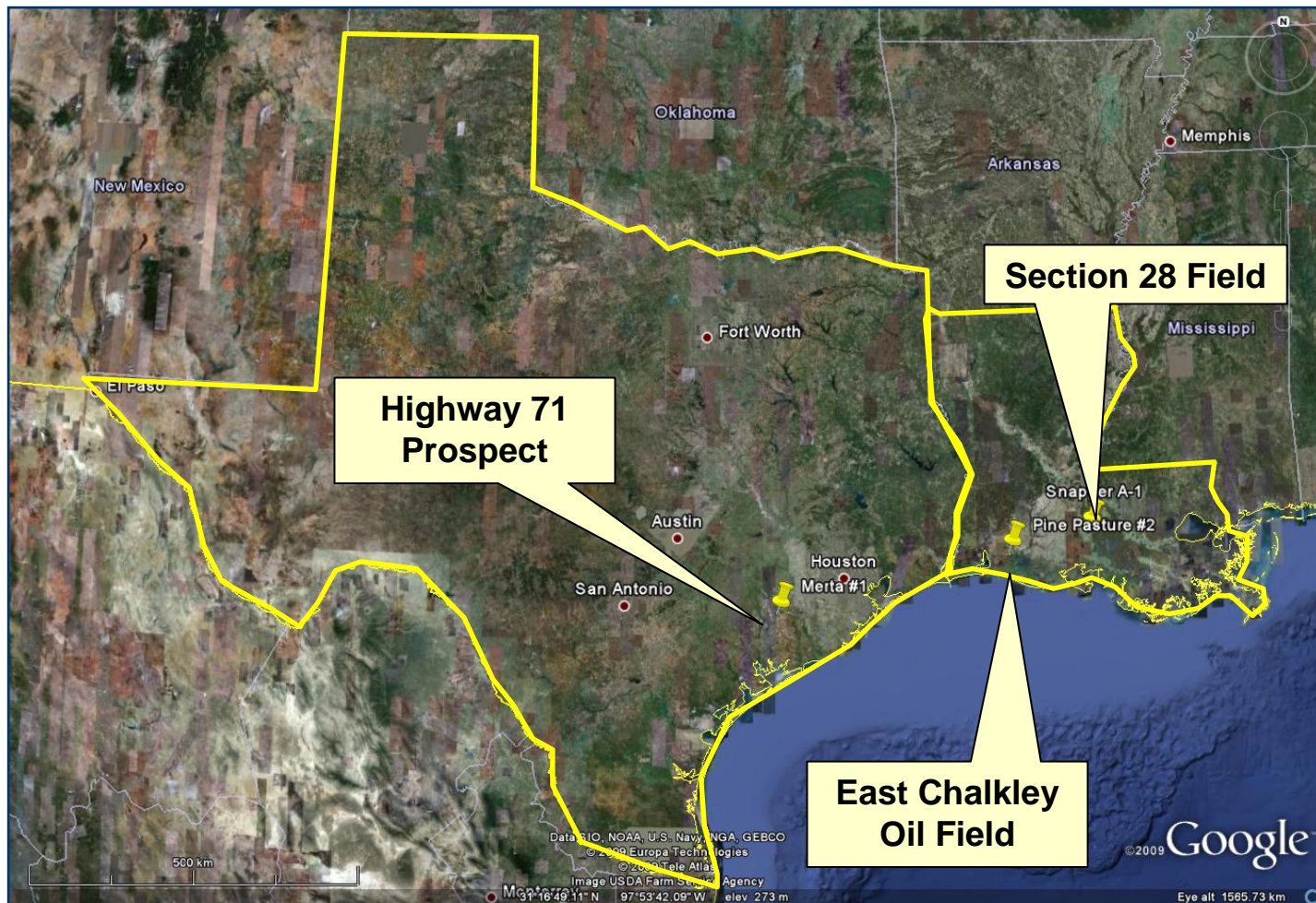


Activity



Projects

Texas and Louisiana



WEST

71
TEXAS

696

Exploration

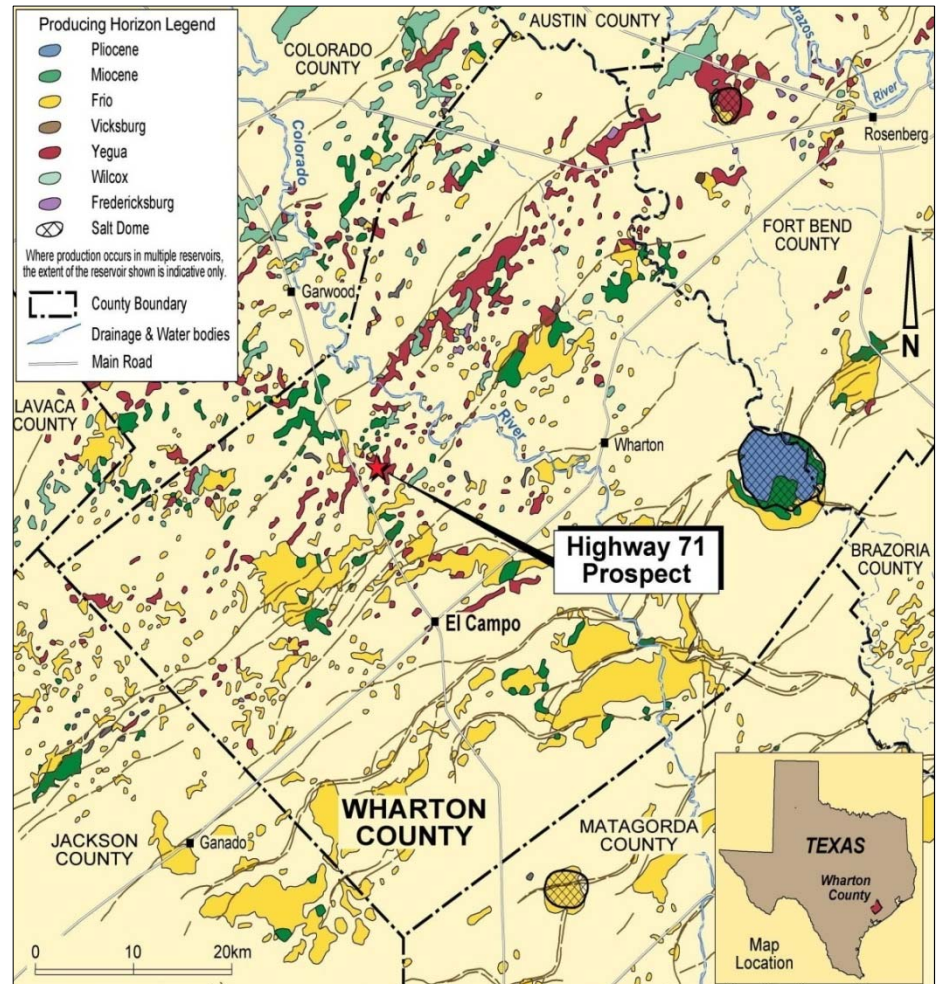
Highway 71 Prospect - Wharton County, Texas

Highly prospective region

On trend with producing fields

“High Impact” prospect

Now drilling



Exploration

Highway 71 Prospect - Wharton County, Texas

- Total potential of 67.5 Bcf + 1.1 million BC
- TEX working interest is 25%
- 52.5 Bcf + 367,000 BC - primary target (1st, 2nd Meek Sst)
- 15.0 Bcf + 750,000 BC - secondary target (Upper Wilcox Sst)
- 13,500 ft (4,110m) vertical well
- Turnkey drilling contract
- Drilling commenced 26 October – six week program

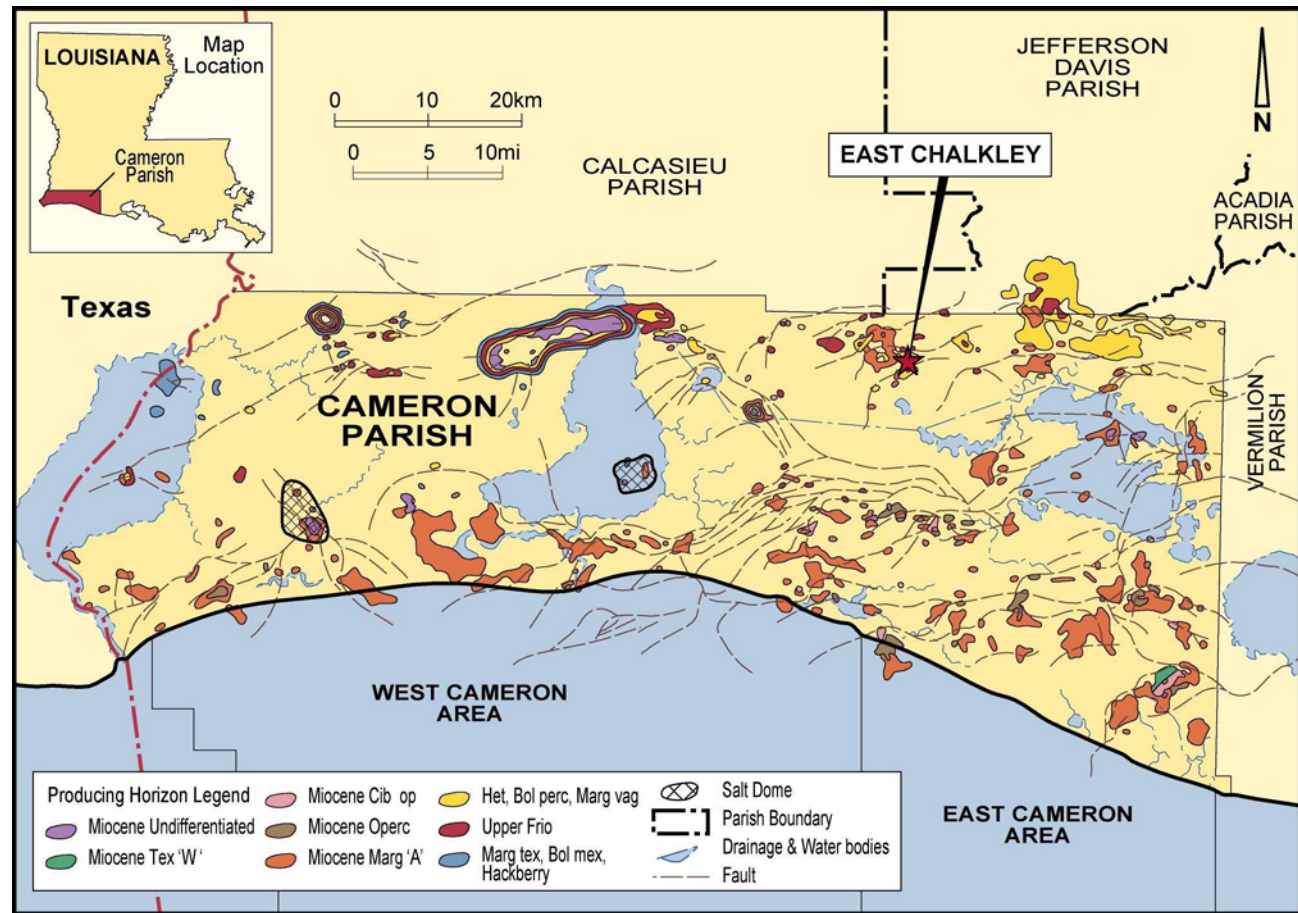
Exploration

Highway 71 Prospect - Wharton County, Texas

- Highly experienced and successful local operator: Hollimon Oil Company
- Prospect mapped on Hollimon proprietary 3D
- On trend with other Meek Sandstone Fields, including 25 Bcf/400,000 BC New Taiton Field
- 3 km west of 40 Bcf/1.7 million BC Upper Wilcox Jones Creek Field (which began as a Hollimon prospect)

Production, Appraisal & Development

East Chalkley Field, Cameron Parish, Louisiana



Production, Appraisal & Development

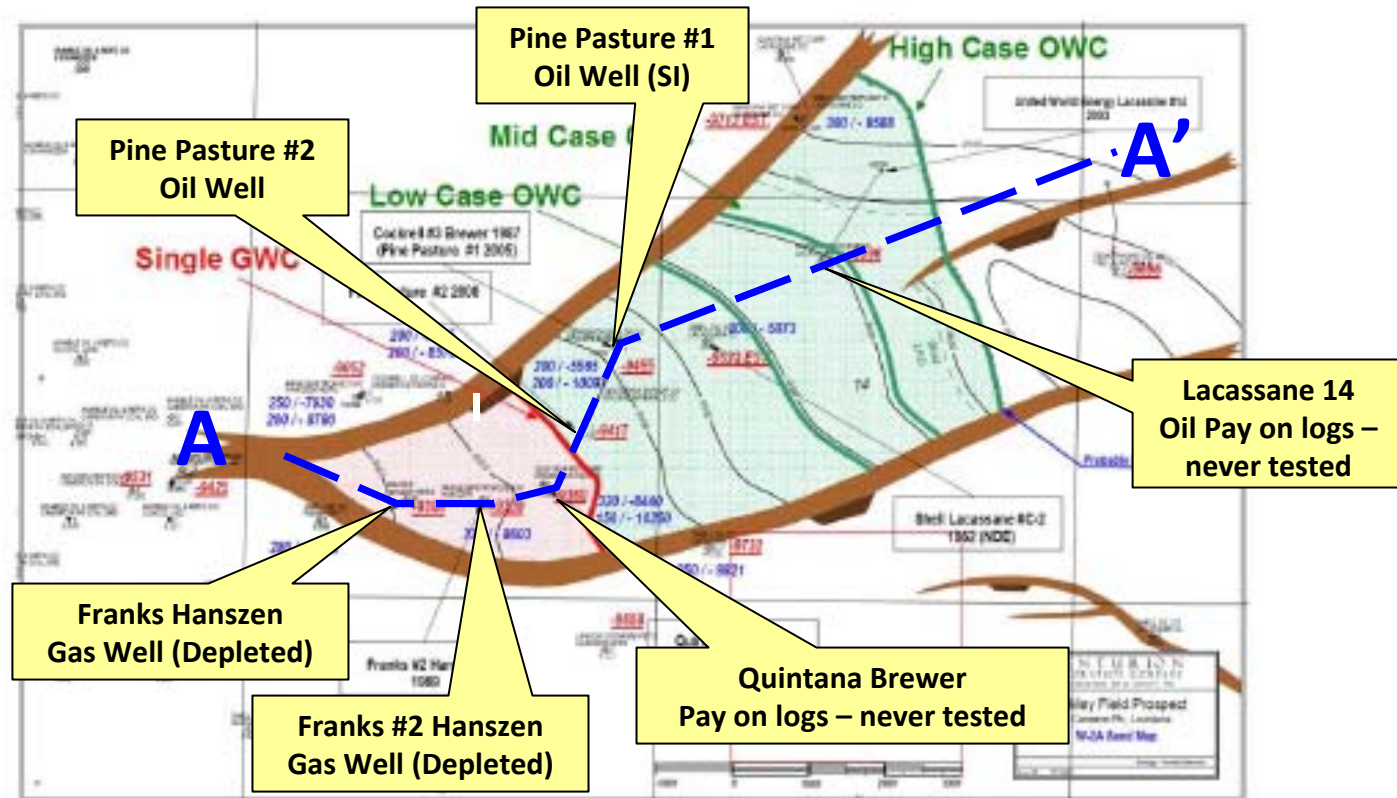
East Chalkley Field, Cameron Parish, Louisiana

- TEX increased working interest in project from 25% to 35% on 1 Nov
- Disposal well scheduled in November to allow enhanced production
- Exploiting by-passed oil leg of depleted gas field
- Successful Pine Pasture #2 well drilled in 2008
- Recent RISC report assesses mean recoverable reserves and resources of 2.1 MMBO with an upside (P10) estimate of 4 MMBO recoverable
- Appraisal and development plans being progressed



Production, Appraisal & Development

East Chalkley Field, Cameron Parish, Louisiana



Depth Structure Map Showing Gas/Oil and Oil/Water Contacts Defining Low, Mid and High Cases (from RISC Report)



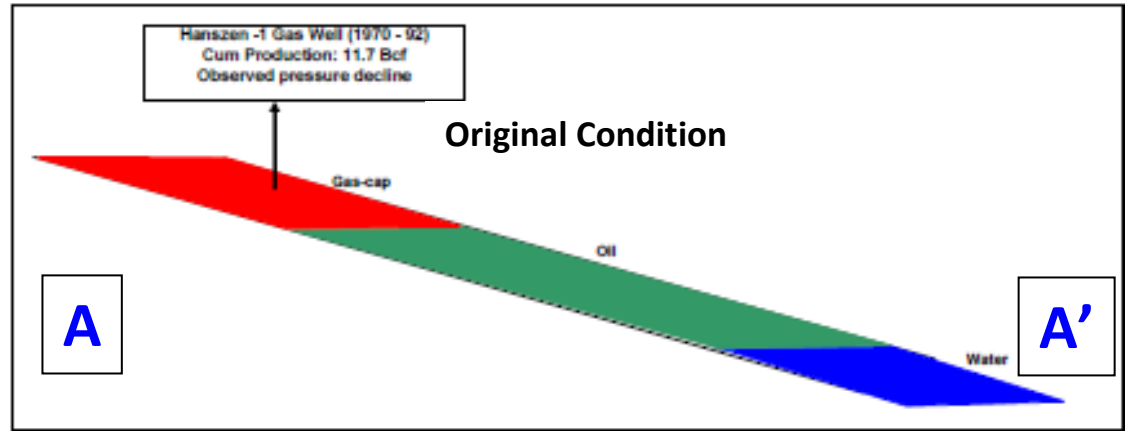
Production, Appraisal & Development

East Chalkley Field, Cameron Parish, Louisiana

Original Condition

Conventional oil and gas accumulation

Only gas produced

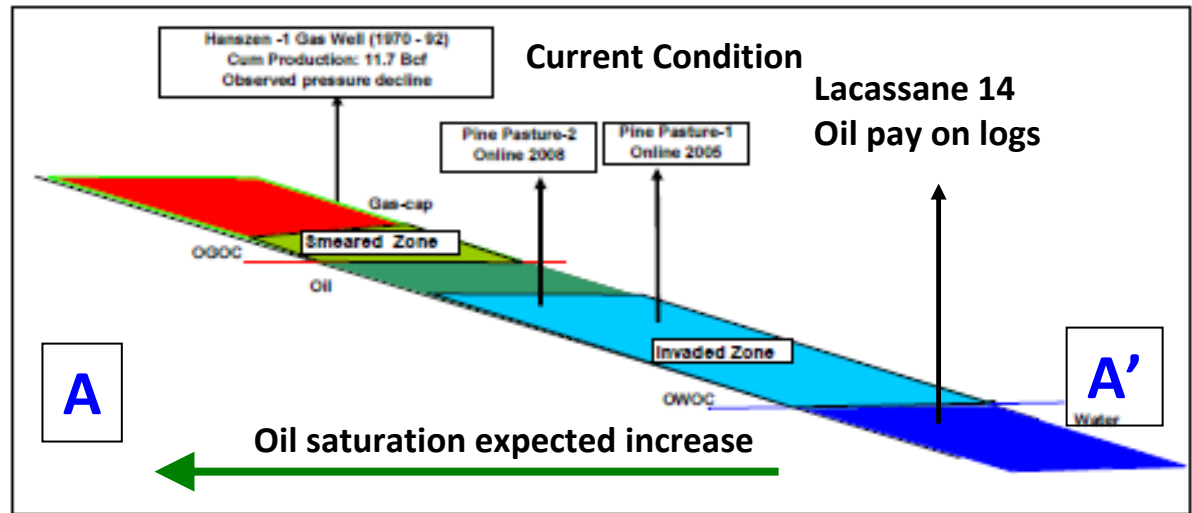


Current Condition

Gas production depletes field pressure

Oil & water migrate updip to "replace" produced gas

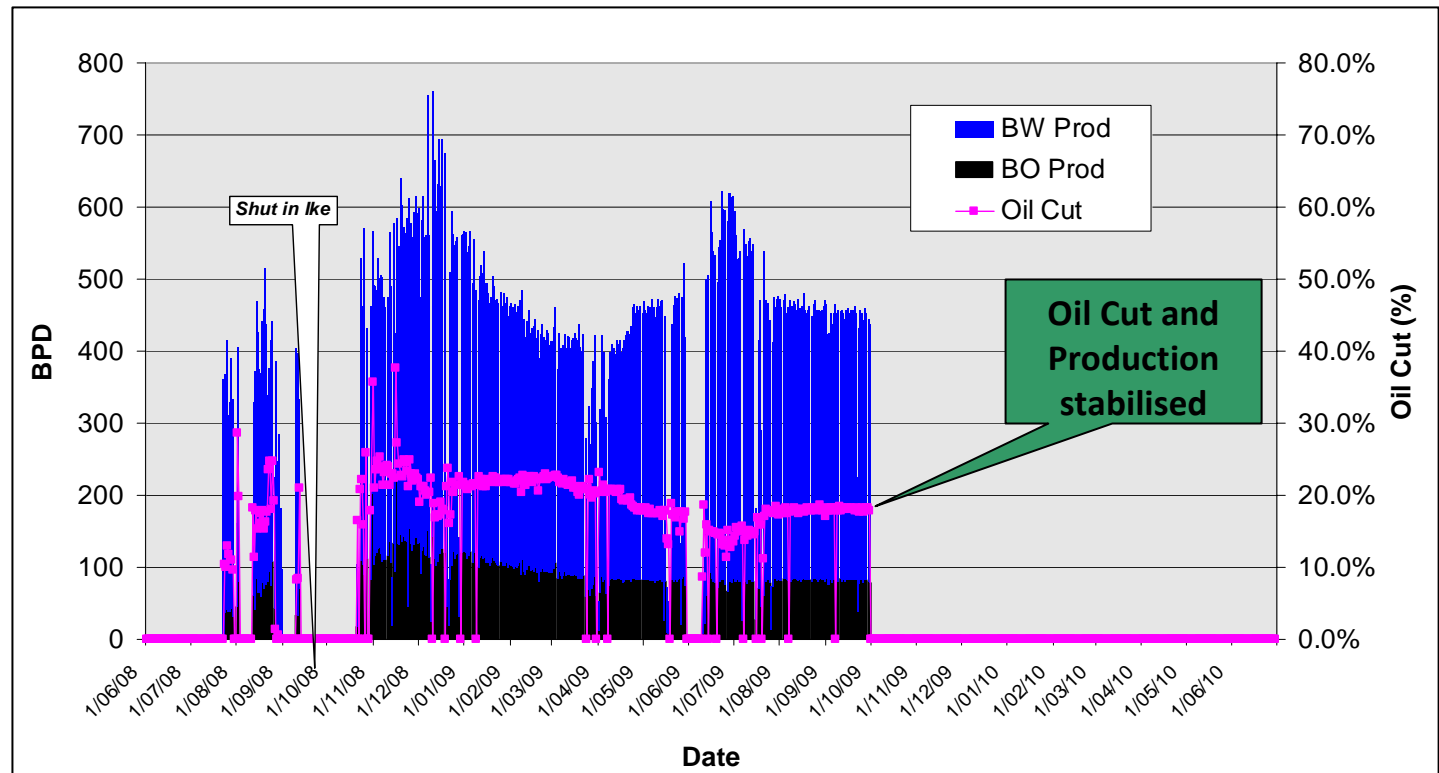
Oil zone "smeared" with water – hence higher water saturations in producing wells.



Schematic Cross Section (modified from RISC Report)

Production, Appraisal & Development

East Chalkley Field, Cameron Parish, Louisiana



Pine Pasture #2 Production to 1/10/09



Production, Appraisal & Development

East Chalkley Field, Cameron Parish, Louisiana

Development scenario - 2: P50 (2C) case

Initial Reserves, Mstb	594	2P
Ultimate Recoverable Resource, Mstb	1700	P50 (2C)

Development scenario - 3: P10 (3C) case

Initial Reserves, Mstb	1087	3P
Ultimate Recoverable Resource, Mstb	4000	P10 (3C)

Development scenario - 2: P50 (2C) case

Remaining Resource, Mstb	1106	Incremental
Oil Recovery, Mstb	500	Well average
Well Initial rate, bopd	300	Well average
Prod Wells	2	Horizontal
Dry hole	1	Horizontal
Injector	1	Horizontal
Total Wells drilled	4	Additional

Development scenario - 3: P10 (3C) case

Remaining Resource, Mstb	2913	
Oil Recovery, Mstb	500	Well average
Well Initial rate, bopd	300	Well average
Prod Wells	6	Horizontal
dry holes	2	Horizontal
Injectors	2	Horizontal
Incremental Wells drilled	10	Additional

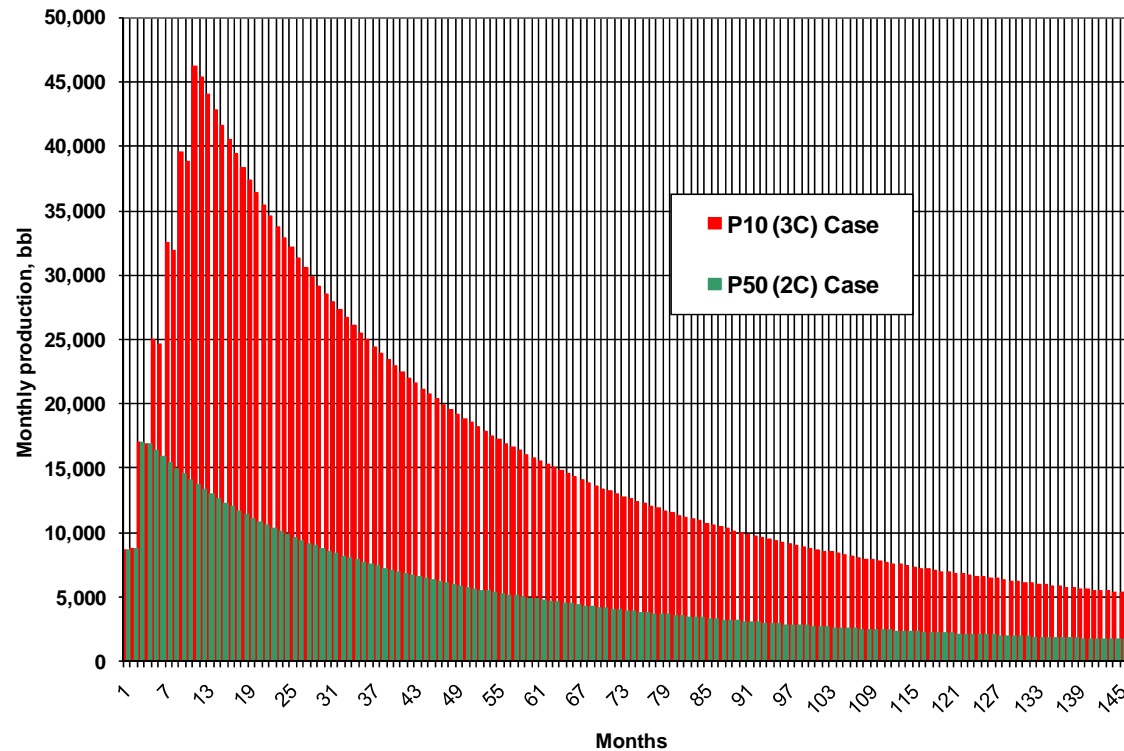


Production, Appraisal & Development

East Chalkley Field, Cameron Parish, Louisiana



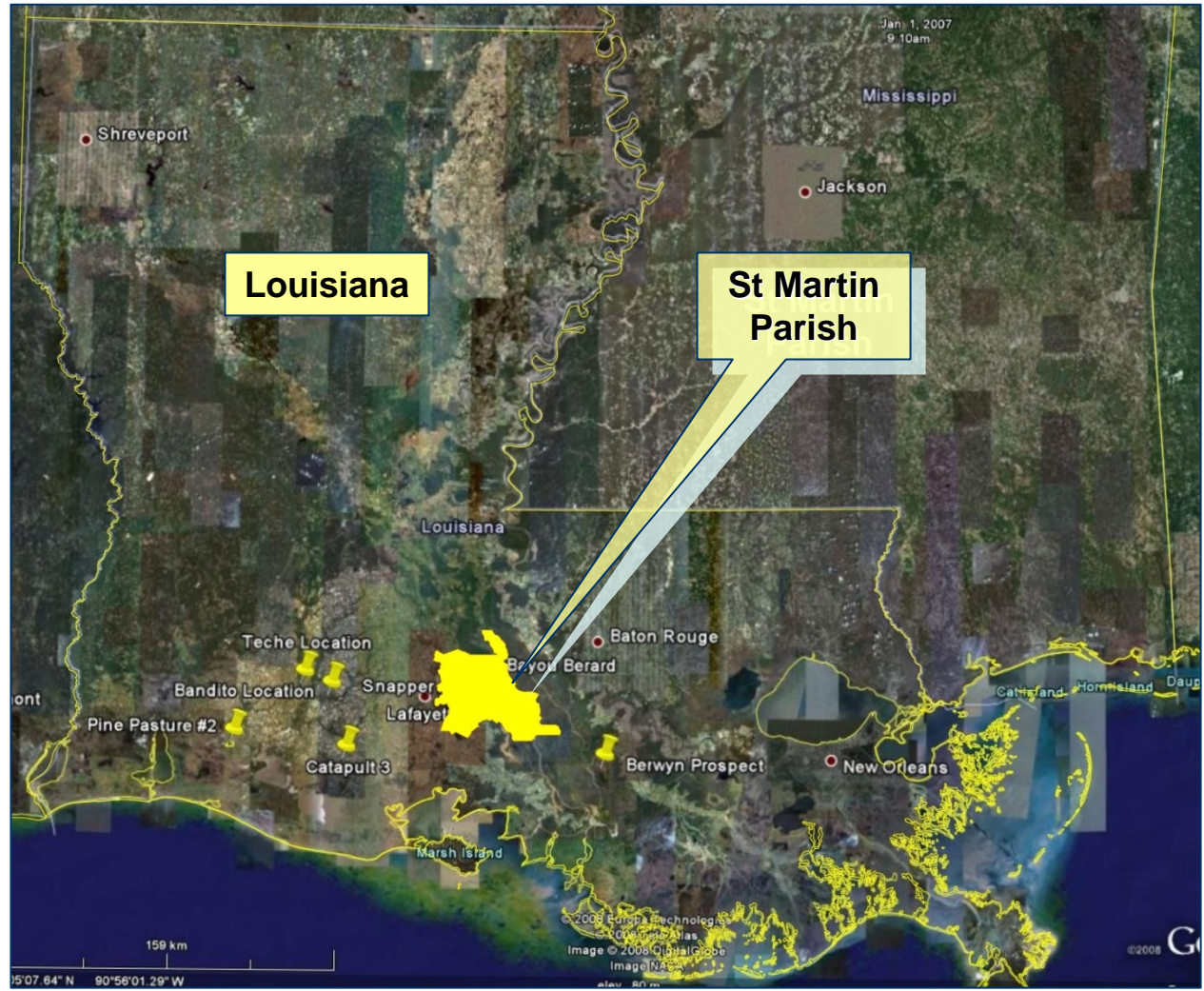
East Chalkley Resource Production Forecast



Potential Development 2P/3P Production Forecasts (RISC report)

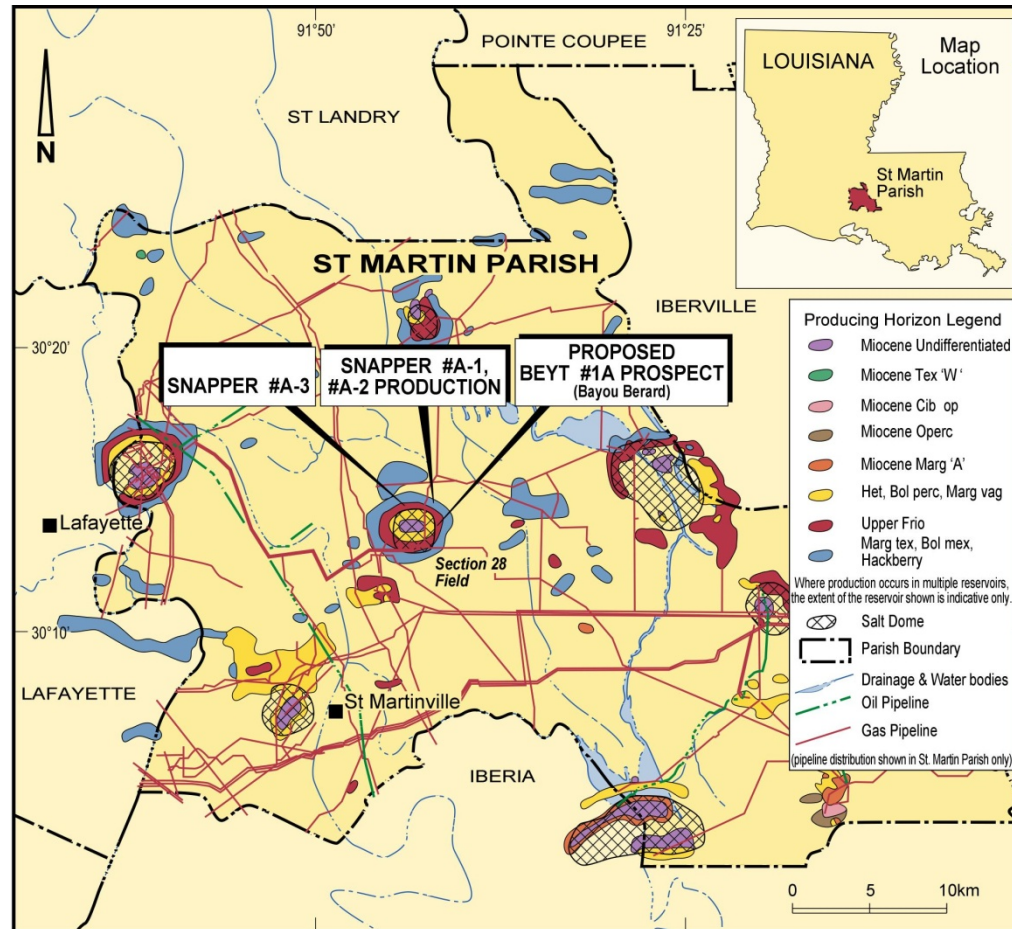
Exploration & Production

Section 28 Program, St Martin Parish, Louisiana



Exploration & Production

Section 28 Program, St Martin Parish, Louisiana



Exploration & Production

Section 28 Program, St Martin Parish, Louisiana

- Snapper A-1, A-2 in production
- Snapper A-3 drilled in July/August 2009
- Well encountered 15 metres inferred oil and gas pay in multiple zones (Camerina, Lower 3rd Marg Tex, Hackberry)
- Hackberry A4 sand flow tested at up to 830 mcfgd with 5-10 BOPD.
- Well to be tied in to production within 3 – 4 weeks.
- TEX WI: 25%.



Exploration & Production

Section 28 Program, St Martin Parish, Louisiana

- Beyt #1 Side-track planned. TEX WI 15%.
- Original Beyt #1 well flowed gas and condensate from Marg Vag sandstone
- Beyt #1 sidetrack to test deeper Marg Tex sands
- RISC Pty Ltd estimates up to 750,000 BO recoverable
- High quality sands have potential to flow at rates up to 1,500 BOPD
- At US\$60/bbl, 1,500 BOPD would net TEX over A\$10,600 per day*

**net to our WI, after royalties and after state severance tax; A\$/US\$ = 80c*

Reserves



Production and revenue

Audited Reserves net to WI and NRI (31/12/08)

Audited Reserves (000 BOE)	Proved & Probable	Possible	Contingent (Best Estimate)	Contingent (High Estimate)	Prospective Resources	Total
Original	282.8	143.9	157.6	312.4	80.6	977.2
EC Purchase	38.6	33.7	63.0	124.9	0.0	260.3
Total	321.4	177.6	220.6	437.3	80.6	1237.5

East Chalkley Purchase - increased net audited reserves by 27% from 0.977 to 1.237 mmBOE



Production and revenue

Audited Reserves net to WI and NRI (31/12/08)
and exploration potential

Audited Reserves (000 BOE)	Proved & Probable	Possible	Contingent (Best Estimate)	Contingent (High Estimate)	Prospective Resources	Total
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Total	321.4	177.6	220.6	437.3	80.6	1237.5

Highway 71 potential recoverable volume adds 2.266 mmBOE

Est. Rec. Vol. (000 BOE)					Exploration Potential	
Highway 71					2266.2	2266.2

Total					2346.8	3503.7
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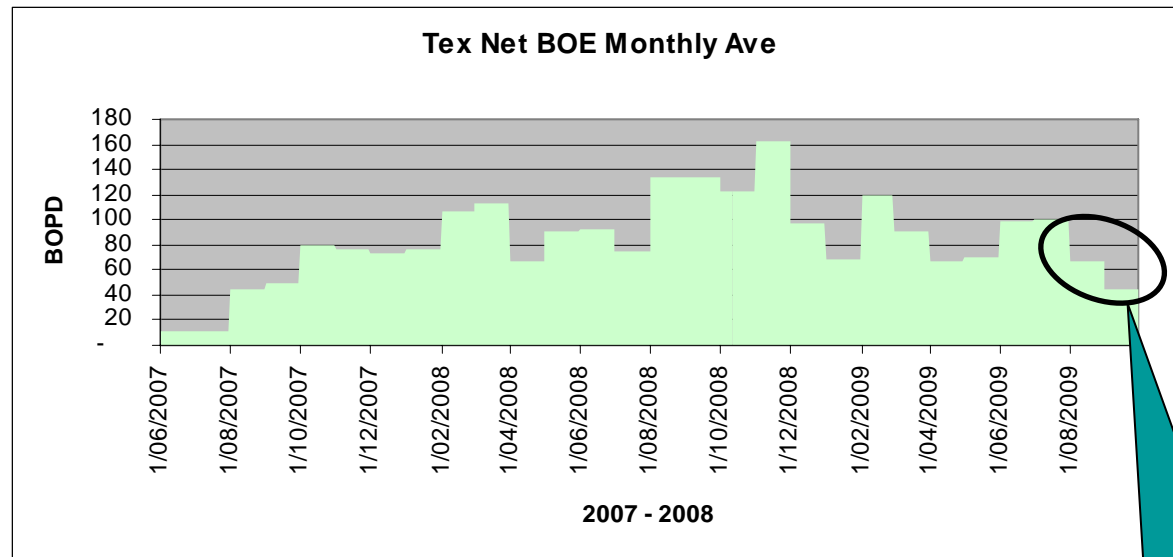
Production and revenue

Sales Revenue 1/7/08 to 30/06/09

A\$1.53m

Production (net WI) currently average

70-103 BOEPD



Target Energy production (BOEPD, net TEX WI)

Snapper A2 awaiting pump installation





What's next for Target Energy

High potential exploration well

Highway 71 Prospect (*Drilling now*)

Ongoing Production

Section 28 Project Area

East Chalkley Oil Field

Additional production

Snapper A3 being tied into production now

More drilling in Section 28 program area:

Beyt #1 Sidetrack

East Chalkley Oil Field Development:

Working int. increased from 25% to 35% on 1 Nov

Appraisal/Development Drilling

Continue evaluation of new opportunities:

Corporate

Technical

Target Energy Limited

Exciting high potential prospect now drilling in Texas

Ongoing oil and gas production in the Section 28 area


Increased working interest in East Chalkley

Ongoing oil field appraisal and development program

The logo for Target Energy Limited features the word "target" in a stylized, lowercase, black font. The letter 'a' is replaced by a red graphic consisting of a triangle pointing upwards and a teardrop shape pointing downwards, with a small gap between them.

target

TARGET ENERGY LIMITED

The background of the entire page is a photograph of an oil pumpjack in a vast, flat, yellowish field under a bright blue sky with scattered white clouds. The pumpjack is a large, black, mechanical structure with a long, curved arm and a counterweight, positioned on the left side of the frame.

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