

ASX ANNOUNCEMENT

12 June 2007

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

HAT-TRICK FOR TARGET GARWOOD GAS DISCOVERY

Target Energy Limited ("Target") (ASX Code: TEX) is pleased to advise that the Garwood No. 1 well in Colorado County, Texas has encountered gas in at least three separate pay zones and will be completed as a gas production well.

Garwood No.1 is Target Energy's third discovery in a row following success at its Thoroughbred and Snapper A-1 wells, and gives Target an enviable "three out of four" success rate since the Company's listing last November.

Report Date: 07:00 pm 11/06/07 (WA Standard Time) /
06:00 am 11/06/07 (USA Central Standard Time)

This is the final report for the Garwood drilling program.

Total Depth: 1,470.7 metres (Reported depths are below the Rotary Table on the rig floor).

Progress: Drill ahead to 1,470.7 metres (Total Depth). Run wireline logs. Run Formation Tests and take sidewall cores. Well to be completed as a producer. Run and cement 73mm (2 7/8 inch) casing to 1410.0 metres. Secure well and release rig at 1:00pm 10 June 2007 WST (12:00am 10 June 2007, USA Central Standard time).

**Hydrocarbon
Indications:**

Three zones have been identified as gas-bearing and have flowed dry gas during formation testing.

Zone 1 (1125.0 – 1127.2 metres) flowed dry gas from a test at 1126.6 m.
Zone 2 (1137.5 – 1140.6 metres) flowed dry gas from a test at 1138.7 m.
Zone 3 (1293.6 – 1296.6 metres) flowed dry gas from a test at 1294.2 m.

A fourth zone (1078.4 – 1079.0 metres) recovered gas and water from a test at 1078.7 metres. Additional potential pay has also been identified elsewhere in the well.

Managing Director Laurence Roe said: "We are delighted with the results at Garwood. We identified three separate pay zones that have all flowed dry gas during the formation testing. Casing has been run in the well and we will soon bring a Completion Rig on site to prepare the well for production.

"In the six months since our listing, we've drilled four wells, made three consecutive discoveries and have the first of these, Thoroughbred, already in production and generating cashflow.

"In coming months we should have our second and third discovery wells, Snapper A-1 and Garwood No.1, in production and have commenced drilling our fifth well at Snapper A-2.

"Our eight-well drilling campaign in Texas and Louisiana is targeting over 300BCFe in oil and gas reserves. Our strategy has been to leverage Target into drill-ready projects with a range of risks and rewards with reputable, experienced local operators, and generate early cashflow and momentum."

Garwood No.1 Working Interest holders:

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

While operations are underway, the Company will issue routine releases every Thursday or at any such time that material matters require an earlier release.

For further information please contact:

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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.