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Company Announcements Platform  
Australian Stock Exchange Limited  
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## Target Acquires Two New Gas Prospects - Project Update

Target Energy Limited ("Target") (ASX Code: TEX) is pleased to provide the following update to its US projects.

### **New Prospects**

Target has acquired interests in two significant new gas prospects in Louisiana, targeting up to a combined 64 Bcfe of potential recoverable gas and condensate.

#### **1. Bandito**

Located approximately 44 kilometres west of Lafayette in Acadia Parish, Louisiana, the Bandito prospect is scheduled to be drilled in October 2007. Target will earn a 15% working interest in the well, which will be operated by Aspect Energy LLC ("Aspect"). The well is planned to be drilled to a depth of 3,932 metres (12,900 feet) and will target up to 42.4 Bcfe of potential recoverable gas and condensate in Oligocene age "Bol mex" sands. Drilling is expected to take approximately four weeks.

#### **2. Teche**

Located approximately 57 kilometres west of Lafayette in Jefferson Davis Parish, Louisiana, the Teche prospect is also scheduled to be drilled in October 2007. Target will earn a 10% working interest in the well, which will also be operated by Aspect. The well will be directionally drilled to a measured depth of 3,810 metres (12,500 feet) and will target up to 22.4 Bcfe of potential recoverable gas and condensate in Oligocene age "Bol mex 2" sands. Additional potential is recognised in a number of other sands which will also be tested in an optimal position. Drilling is expected to take approximately four weeks.

Both Teche and Bandito have been developed by Aspect Energy, based in Denver, Colorado, on a 1,424 square kilometre (550 square mile) recently reprocessed and merged 3D seismic data set consisting of ten separate proprietary and speculative surveys. This new 3D has given Aspect a unique tool to examine complex geology under these parishes.

Aspect holds one of the largest contiguous onshore 3D seismic databases in North America, with over 31,000 square kilometres (12,000 square miles) of 3D seismic data covering the prolific upper Texas and Louisiana Gulf Coast region. From 1998 to 2006, Aspect and its partners spent US\$540 million to drill over 318 wells. Together they recognised a success rate of 61%, finding 437 Bcfe - worth US\$1.25 billion (PV10).

Aspect and its affiliate companies will have combined revenues of approximately US\$360 million in 2007 and expected exploration and development capital expenditures of US\$180 million. Combined daily production net to Aspect and its affiliates is currently 11,667 boe/day (approximately 40 mmcf/day and 5,000 bbls/day).

### 3. Snapper A-3

Target will also participate in an additional well at the Section 28 field in St Martin Parish, Louisiana. The well, Snapper A-3, is to be located approximately 122 metres north of Target's recent Snapper A-1 discovery and is designed to test Hackberry A3 and A4 sands that were not intersected by the A-1 well. Target will have a 25% working interest in the well, which will be drilled to a depth of approximately 3,048 metres. The Operator is Cypress Productions, LLC.

#### Snapper A-2, Bayou Berard Update

Recent very heavy rains in the Gulf Coast region have affected many drilling schedules. A rig has been contracted for the Snapper A-2 and Bayou Berard wells, with drilling expected to commence in late August. The wells will be drilled back to back.

#### Berwyn Update

Target has received advice from the Operator of the Berwyn prospect that the drilling contractor has undertaken a review of costs for the proposed well, and has advised of substantial increases to the anticipated cost of drilling the prospect. The primary cause for the increase in the well cost is due to the high demand for the drilling rigs in the Gulf Coast region which has caused the costs of drilling rigs to rise.

As a consequence of the cost escalation, the Operator has recommended that further work on Berwyn, including the contracting of a drilling rig, be deferred until drilling costs can be suitably reduced. Target shares the concern about the cost rises and has accepted that such a deferral is the only prudent course of action under the circumstances. Target will maintain its option to participate in the Berwyn prospect while it awaits confirmation that the Operator has been able to reduce the drilling costs and has recommenced work towards drilling at Berwyn.

### Indicative Timetable

Estimated Timing	Prospect	Location	Target^ Working Interest	Potential Recoverable Volumes*
August 2007	Snapper A-2	St Martin Parish, La	25%	1.0 mmBO; 1.46 Bcf
September 2007	Bayou Berard	St Martin Parish, La	15%	1.8 mmBO; 0.72 Bcf
October 2007	Teche	Jefferson Davis Parish, La	10%	22.4 Bcfe
October 2007	Bandito	Acadia Parish, La	15%	42.4 Bcfe
Q4 2007	Parks North	St Martin Parish, La	10%	0.15 mmBC; 25.7 Bcf
December 2007	Snapper A-3	St Martin Parish, La	25%	0.7 mmBO; 4.0 Bcf
TBA	Berwyn	Assumption Parish, La	10%	305 Bcfe

*\*Figures are operators' unrisks estimates and represent total prospect or field potential – additional drilling may be required to fully recover volumes. ^Subject to finalisation of farm-in and/or unitisation agreements*

**Comment**

Managing Director Laurence Roe said: "We are very pleased to be participating with a highly respected and successful explorer and producer such as Aspect Energy. The addition of Aspect's two very strong prospects, Bandito and Teche, into Target's drilling program, along with a low-risk follow up well with Cypress in the Snapper A-1 block, adds more depth and variety to our already active US drilling program and will continue to provide growth opportunities for shareholder wealth.

"For the balance of 2007, Target will participate in drilling a further six prospects with a potential upside of 97 Bcf of gas and 3.7 million barrels of oil. Target only listed on the ASX at the end of 2006 and soon we will have three wells in production and generating cashflows to fund future acquisitions and development costs.

"Target will continue to leverage itself into more exploration opportunities in the US through its excellent contacts and strong personal relationships with key players in the US oil and gas industry."

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**ENDS**

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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.*