

An oil pumpjack is visible in the foreground on the left, set against a vast field of golden wheat under a bright blue sky with scattered white clouds. The pumpjack is a large, black, mechanical structure used for extracting oil from the ground. The field extends to the horizon, and the sky is filled with fluffy white clouds.

**target**  
TARGET ENERGY LIMITED

2009 Annual General Meeting



# Disclaimer

This Presentation is provided on the basis that none of the Company nor its respective officers, shareholders, related bodies corporate, partners, affiliates, employees, representatives and advisers make any representation or warranty (express or implied) as to the accuracy, reliability, relevance or completeness of the material contained in the Presentation and nothing contained in the Presentation is, or may be relied upon as, a promise, representation or warranty, whether as to the past or the future. The Company hereby excludes all warranties that can be excluded by law.

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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.**



# 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 – **gas already encountered**
  - 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)	157.3m
Listed options	
TEXO (exp 26/11/09; 25c)	62.8m
TEXOB (exp 31/10/12; 10c)	53.0m
Recent Share price range	4.7c-6.2c
Market Cap	A\$7.4m-\$9.7m
Cash (31/10/09)	A\$2.8m

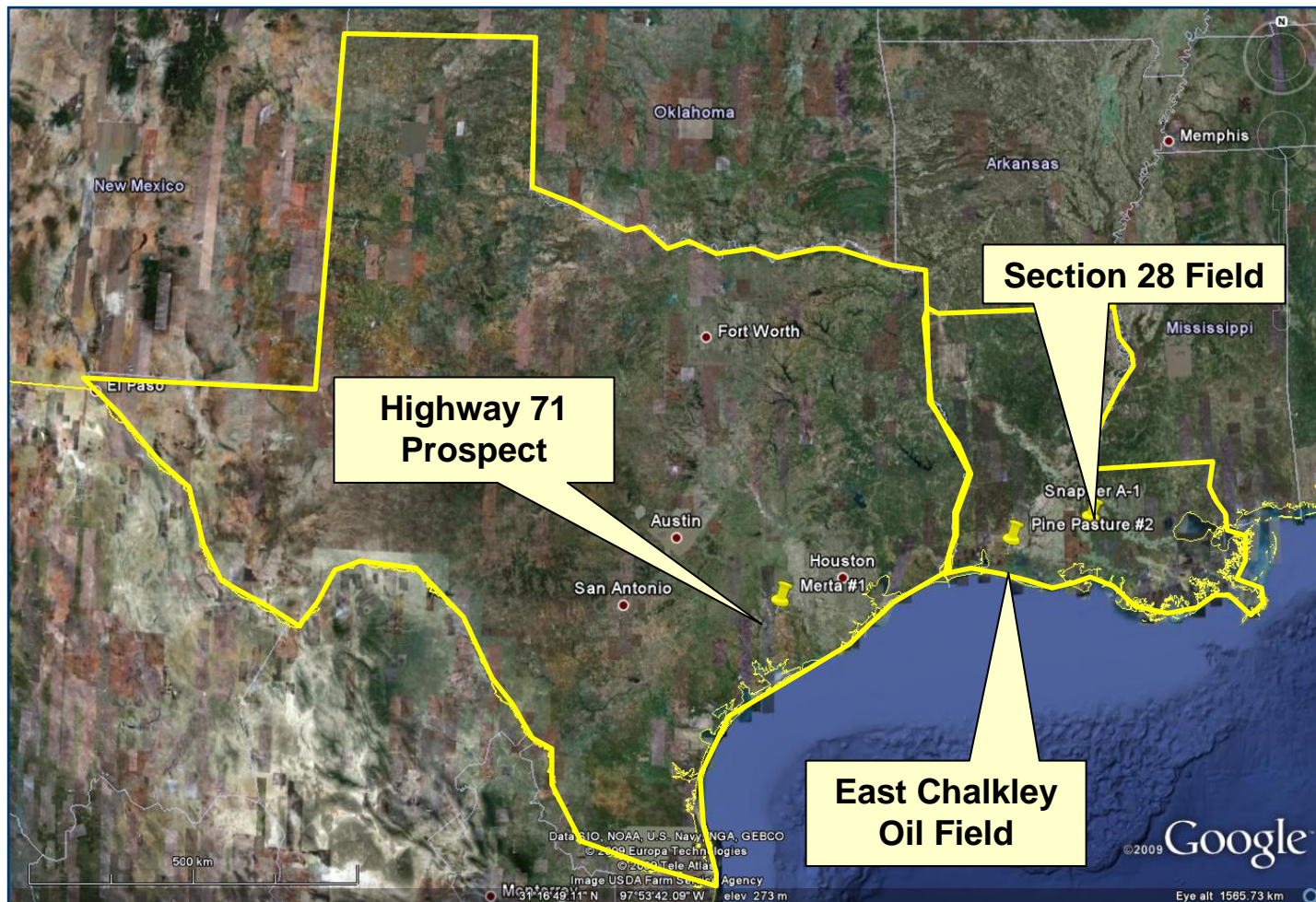


# Activity



# Projects

## Texas and Louisiana



WEST

71  
TEXAS

696

# Exploration

## Highway 71 Prospect - Wharton County, Texas

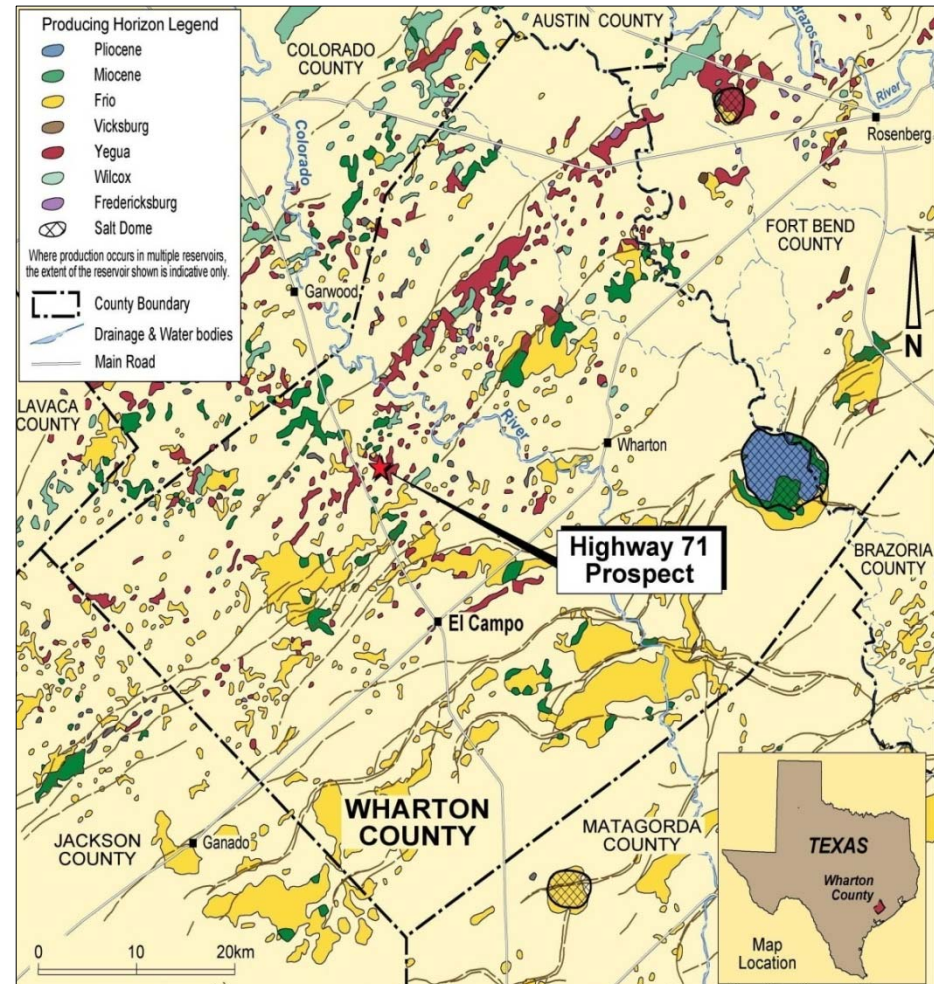
Highly prospective region

“High Impact” prospect

Now drilling

Potentially commercial  
“Yegua/Cooktown”  
Gas sands already encountered

Primary and Secondary  
Wilcox targets yet to be reached



# Exploration

## Highway 71 Prospect - Wharton County, Texas

- Total potential of 67.5 Bcf + 1.1 million BC
- TEX working interest is 25%
- 9 metres of gas sands already identified in “Yegua/Cooktown” sands at approx 2,350m
- 52.5 Bcf + 367,000 BC - primary target (1<sup>st</sup>, 2<sup>nd</sup> 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

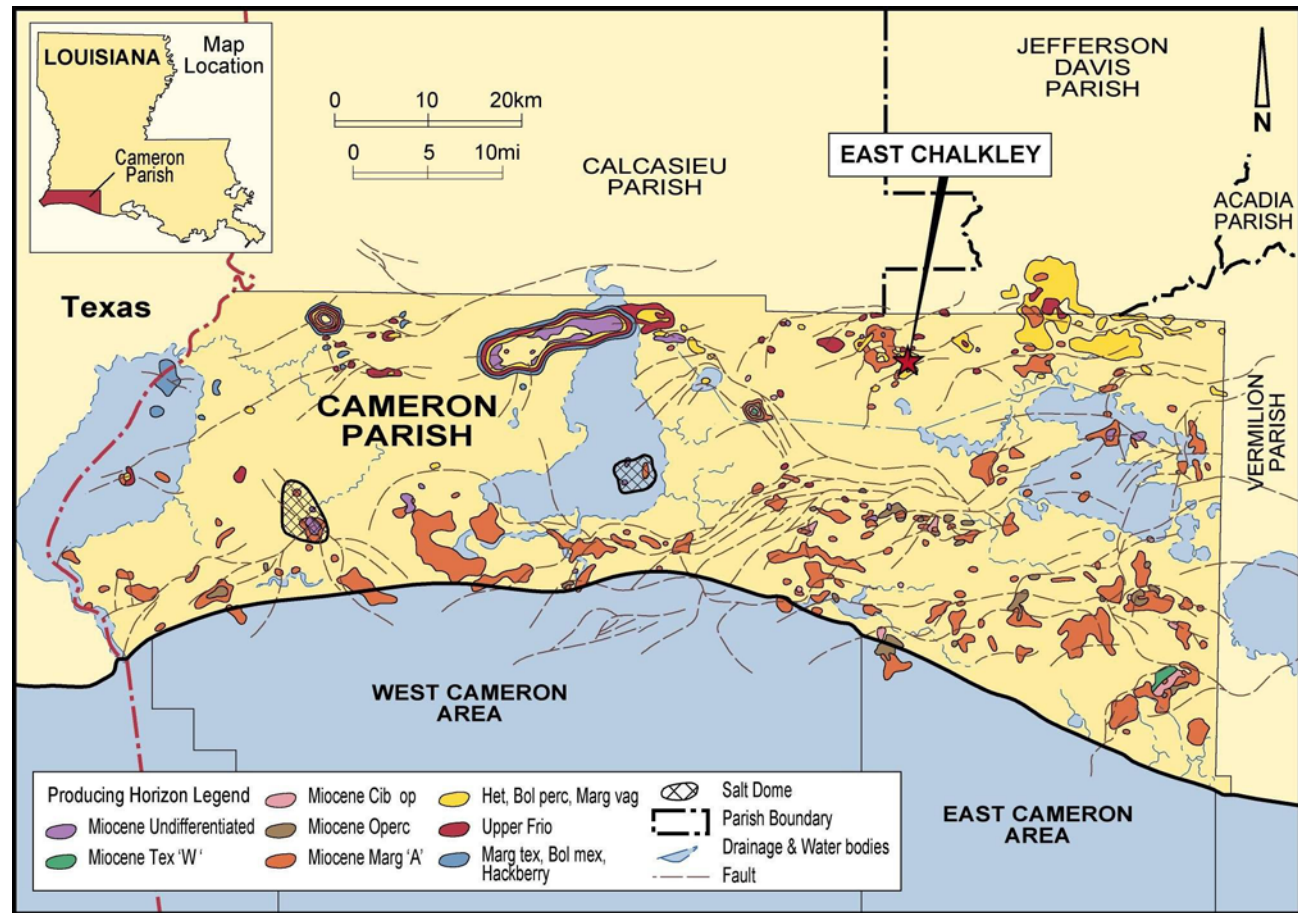
# Exploration

## 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

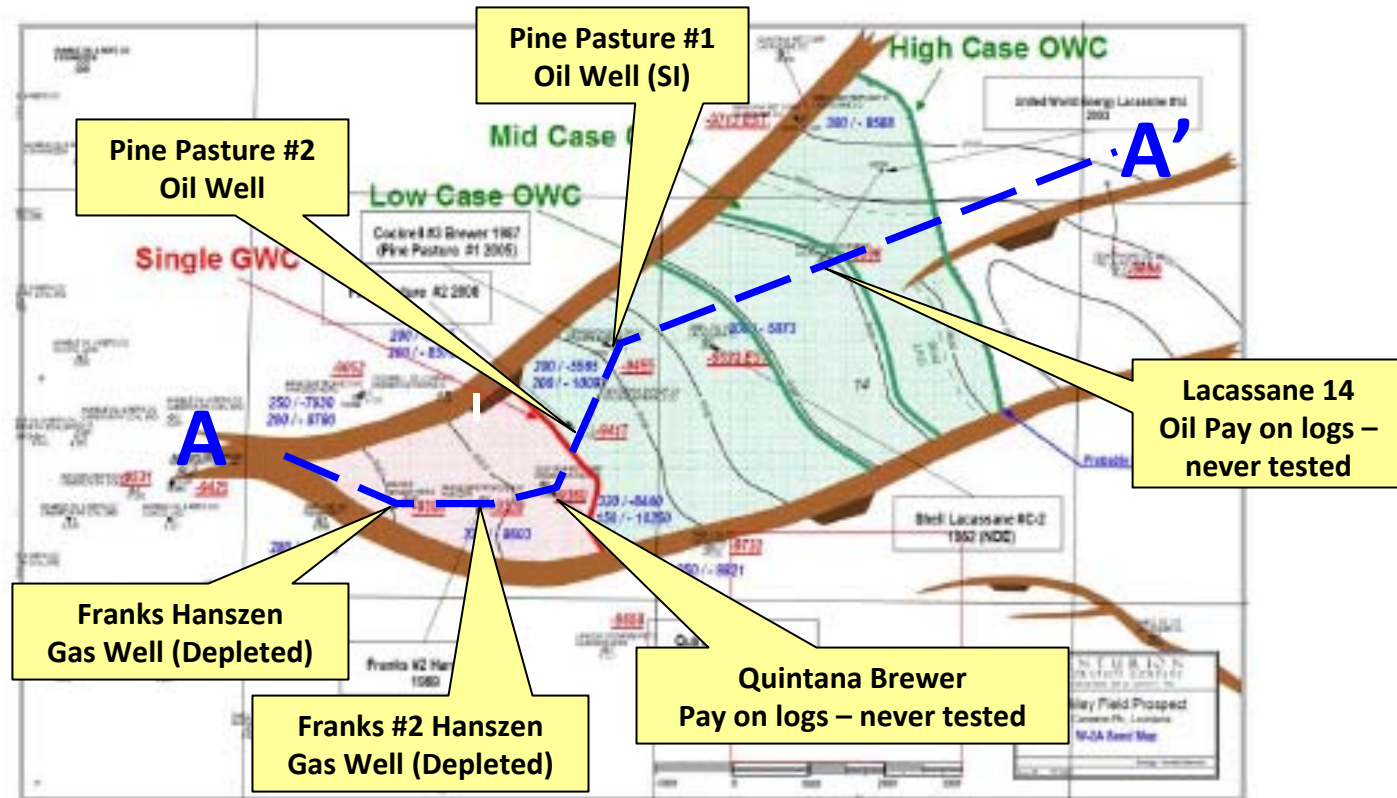
## East Chalkley Field, Cameron Parish, Louisiana

- 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)



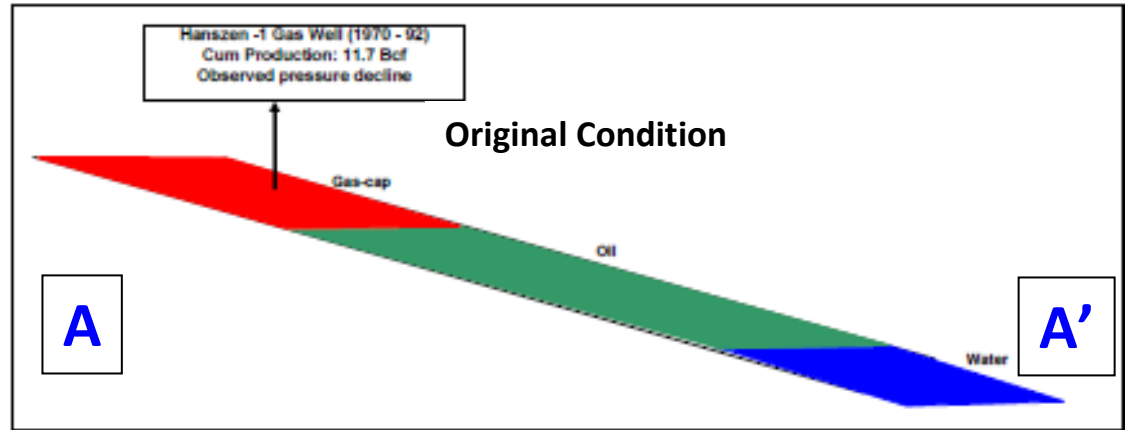
# Production, Appraisal & Development

## East Chalkley Field, Cameron Parish, Louisiana

### Original Condition

Conventional oil and gas accumulation

Only gas produced

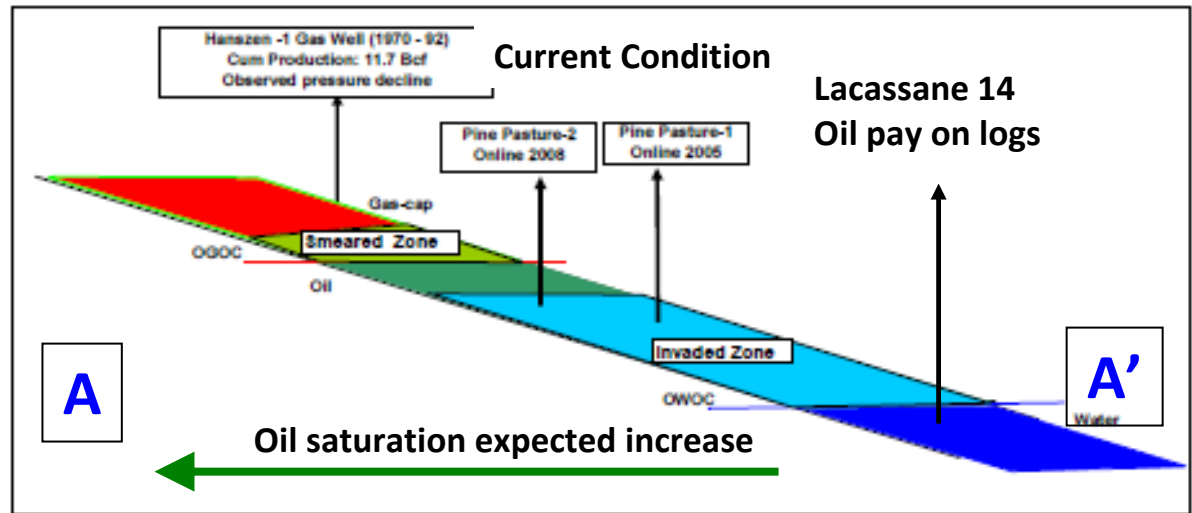


### Current Condition

Gas production depletes field pressure

Oil & water migrate updip to "replace" produced gas

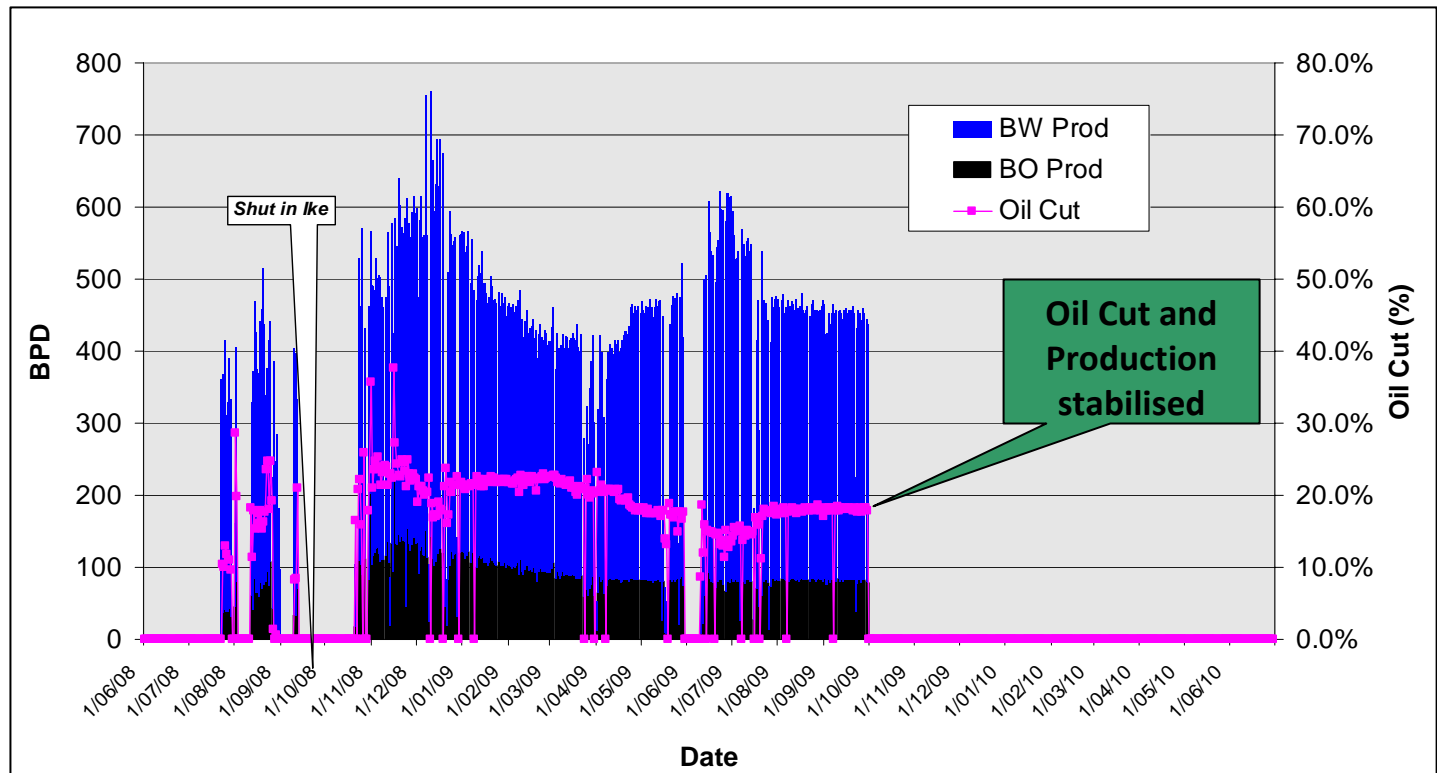
Oil zone "smeared" with water – hence higher water saturations in producing wells.



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	<b>1700</b>	P50 (2C)

### Development scenario - 3: P10 (3C) case

Initial Reserves, Mstb	1087	3P
Ultimate Recoverable Resource, Mstb	<b>4000</b>	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
<b>Total Wells drilled</b>	<b>4</b>	<b>Additional</b>

### Development scenario - 3: P10 (3C) case

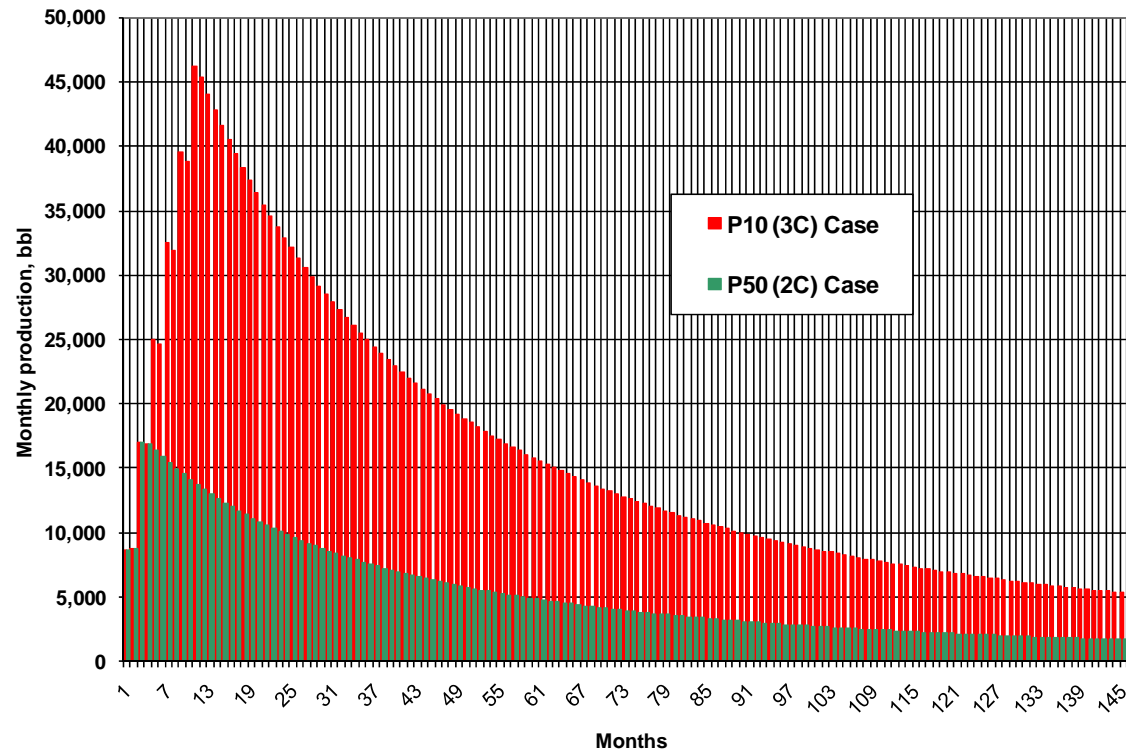
Remaining Resource, Mstb	2913	
Oil Recovery, Mstb	500	Well average
Well Initial rate, bopd	300	Well average
Prod Wells	6	Horizontal
dry holes	2	Horizontal
Injectors	2	Horizontal
<b>Incremental Wells drilled</b>	<b>10</b>	<b>Additional</b>

# Production, Appraisal & Development

## East Chalkley Field, Cameron Parish, Louisiana



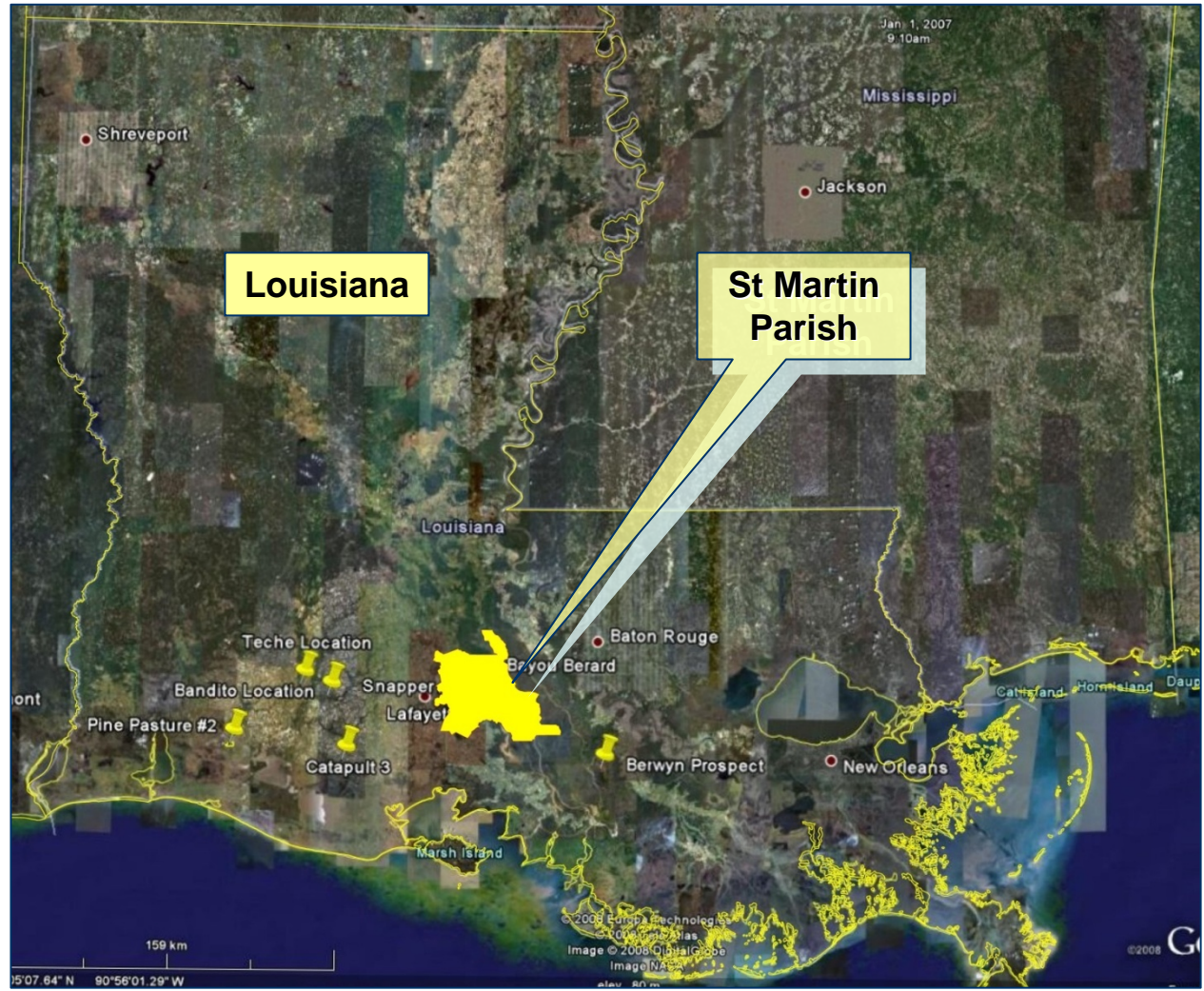
East Chalkley Resource Production Forecast



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

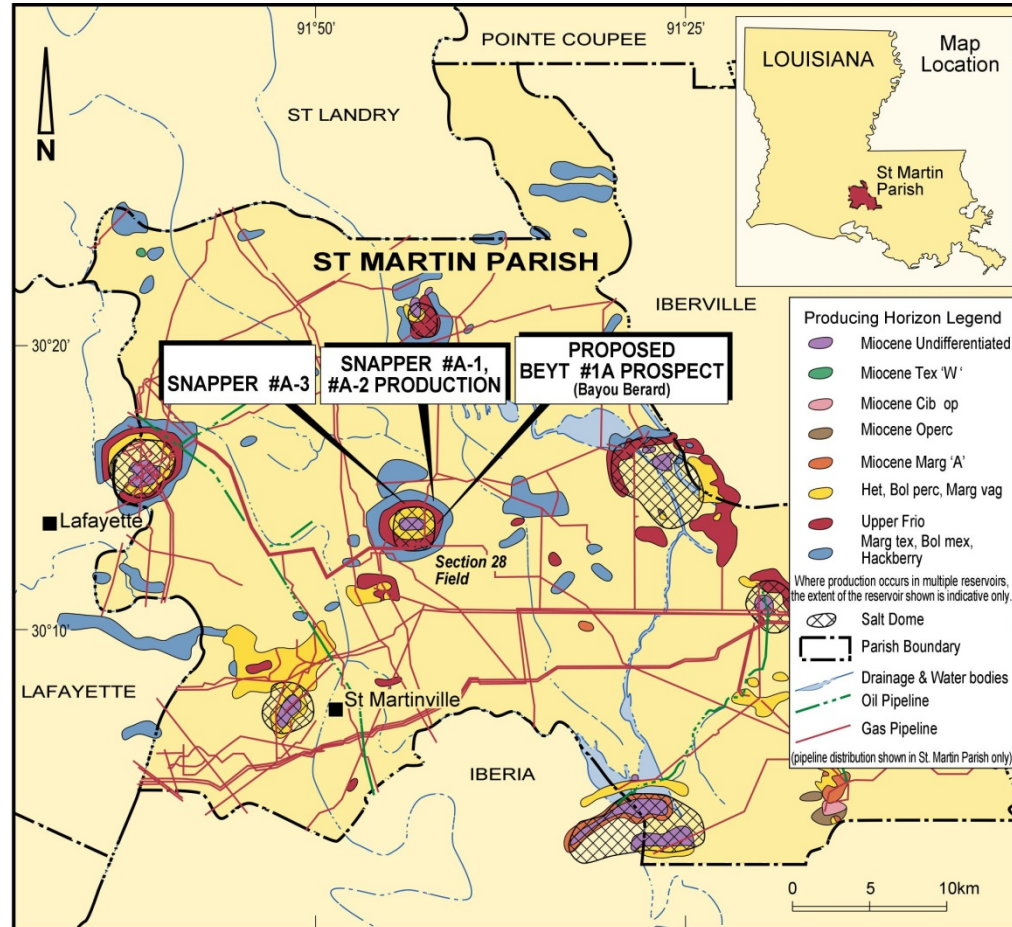
# Exploration & Production

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 3<sup>rd</sup> Marg Tex, Hackberry)
- Hackberry A4 sand flow tested at up to 830 mcfgd with 5-10 BOPD.
- Well tied in to production at 1000 mcfgd – optimisation underway.
- 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
<b>Total</b>	<b>321.4</b>	<b>177.6</b>	<b>220.6</b>	<b>437.3</b>	<b>80.6</b>	<b>1237.5</b>

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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Highway 71 potential recoverable volume adds 2.266 mmBOE

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

<b>Total</b>					<b>2346.8</b>	<b>3503.7</b>
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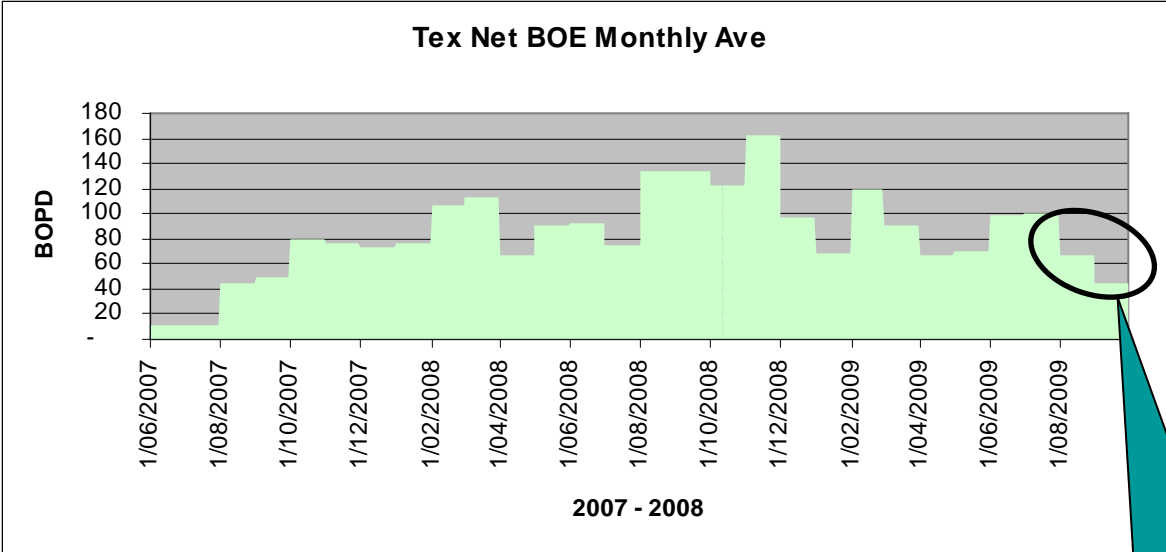
# Production and Revenue

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

A\$1.7m

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:

Increase working interest from 25% to 35%

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 element consisting of a triangle pointing upwards and a teardrop shape pointing downwards, resembling a drop of oil. The background of the entire image is a photograph of an oil pumpjack in a field under a blue sky with white clouds.

**target**

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