

Report for the Quarter Ending 31 March 2009

Key Events

- Snapper A-3 drilling scheduled to commence in late May.
- Development work at East Chalkley scheduled to commence in June.
- Production at Pine Pasture #2 (East Chalkley) continues at approx 90 BOPD.
- Combined Snapper production averages 1.6 mmcfgd plus 4 BOPD.
- **Blaze Asset Pty Ltd announces its intention to make a hostile unsolicited takeover offer for Target Energy Limited. Until the Target Board has released its response to the Bidder Statement, Target shareholders are advised to TAKE NO ACTION and ignore all communications from Blaze.**

1. Corporate

1.1 Takeover Offer

On 8 April 2009, Blaze Asset Pty Ltd ("Blaze"), a company jointly owned by Advance Energy Limited (ASX:AVD) and Odin Energy Ltd (ASX:ODN), announced its intention to make a hostile and unsolicited off-market takeover offer for Target Energy Limited ("Target") (ASX: TEX). The offer is on the basis of one cent (\$0.01) cash for every Target share and three Advance shares for every four Target shares. The offer does not extend any consideration to Target option holders.

Until the Target Board has released its response to the Bidder Statement, Target shareholders are advised to TAKE NO ACTION and ignore all communications from Blaze.

Target is currently preparing a detailed response (i.e. it's Target's Statement), including an Independent Expert's Report and intends to release it as soon as possible.

1.2 Background

Target has received wide ranging support from its shareholders for which it is grateful. It looks forward to your continuing support and can assure you that its Board is committed to working hard to maximise shareholder value.

Target was established in 2006 with the simple objective of creating a successful publicly-listed petroleum exploration and production company. The company philosophy 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.

This strategy has enabled Target to deliver on all its key prospectus promises; with six of the nine wells drilled to date put into production. The Company has a healthy working capital surplus and no debt. Target has reserves in the ground and sustainable cash-flows from production.

The United States was chosen because of its active operating environment and mature industry. We focused on established, prospective areas that have a high level of oil and gas activity. We then selected reputable operators who have a demonstrated track record of success and selected the best available prospects from their inventories to comprise our portfolio. The prospects are all mapped on 3D seismic and are close to existing infrastructure.

Target has deliberately chosen not to be an operator of any of its wells at this time. This strategy has successfully minimised Target's exposure to exploration risk and has allowed Target to withdraw without penalty from drilling projects if there have been unacceptably long delays or substantial increases in anticipated costs.

The Company is actively reviewing a number of US oil and gas exploration and production opportunities, ranging from high impact prospects to low risk drilling. With its strong network of drilling industry partners and contacts, strong reputation, healthy financial position and focus on the prospective Gulf Coast region, Target continues to enjoy a healthy deal flow and the ability to participate in new exploration opportunities.

2. Production

Period: 1 January – 31 March 2009

Well	TEX WI	Ave Daily Gas Prodn in Period (mcfgd)	Gross Gas Prodn in Period (mmcf)	Gross Gas Prodn to date (mmcf)	Gross Ave Daily Oil Prodn in Period (BOPD)	Total Oil Prodn in Period (BO)	Total Oil to date (BO)
Thoroughbred	25%	-	-	81.2	-	-	-
Snapper A-1	25%	755	68.0	671.4	-	-	2,633
Garwood^	25%	7	0.7	57.8	-	-	-
Snapper A-2*	25%	857	77.1	393.2	4	359	2,649
Beyt #1^	15%	-	-	40.8	-	-	1,534
Pine Pasture #2	25%	-	-	-	90	8,100	17,261
Total (Gross)		1,619	145.8	1,244.5	94	8,459	24,077
Total (Net TEX WI)			36.5	307.0		2,115	5,866

^Well shut-in

*Snapper A-2 had reduced production and was shut-in during part of January while awaiting facilities upgrade – the well was brought back online on 29 January.

mmcfgd = million of cubic feet of gas per day; mcfgd = thousand cubic feet of gas per day; BOPD = barrels of oil per day.

3. Exploration

Louisiana – St Martin Parish

3.1. Snapper A-3 (Target 21.625% - 25% working interest)

Operated by Cypress Drilling LLC, the proposed well is designed to test a known fault segment for proven bypassed gas pay in the Hackberry A-1 and A-4 Sands.

The bottom-hole location of the planned well is programmed to be at a measured depth of 3,277 metres, approximately 300 metres north-north-east of the Target's Snapper A-1 producing well (TEX WI: 25%)

The well is considered to be a low-risk development well for multiple proven and by-passed pay zones. It will directly offset a well that tested gas in the Hackberry A-1 and Hackberry A-2 Sands, but was never produced, target two zones that have logged pay in the Snapper A-1 well and also test two possible zones (1st and 2nd Marg Tex) that pinched out down-dip from that well.

In total, the well is expected to penetrate up to six pay zones, testing a prospective fault segment that has risked recoverable potential of up to 4.2 Billion cubic feet of gas and 331,000 barrels of oil (unrisked recoverable potential up to 5.4 Billion cubic feet of gas and 461,000 barrels of oil).

Snapper A-3 is expected to take approximately four weeks to drill to its programmed Total Depth of 3,277 metres (10,750 ft). Target will earn a 25% Working Interest in zones above the Hackberry sands and a 21.625% Working Interest in the Hackberry sands.

Crown Drilling have been contracted to supply the rig. The rig is expected to mobilise to the area for the operator on 7 May 2009 with drilling at this location scheduled to commence in late May. Subsequent to the reporting period, the company paid a cash call (app US\$579,000) for the balance of the drilling costs for the well.

3.2. Bayou Berard Marg Tex (Target 15% working interest)

Drilling at the Beyt #1 well at the Bayou Berard prospect in 2008 intersected a major fault just before hitting the primary Marg Tex targets and the well was subsequently completed in the shallower Marg Vag sand.

Production commenced on 2 May 2008 at a rate of approx 1 mmcf/d with associated condensate. The operator later decided to put the well on compression. Shortly after the Beyt #1 well was placed on a compressor (20 July 2008), the wellbore loaded up with fluid. A wire line was run which tagged fluid at approximately 2100 feet. Analysis of the fluid indicated formation water - believed to be from the Het Lime at 9370 feet, 130 feet up the hole from the Marg Vag sand.

Rather than remediate the Marg Vag, Cypress terminated production from that sand and instead plan to drill out from the existing wellbore to intersect the Marg Tex sands. The 1st, 2nd and 3rd Marg Tex sands have an aggregate potential of 1 million barrels of oil with 0.4 billion cubic feet of gas (unrisked, recoverable).

The operator has advised that drilling at the Beyt #1A well is expected to commence in early third-quarter.

4. Development

Cameron Parish – East Chalkley (Target 25% working interest)

The East Chalkley project is an oil field appraisal and development program, approximately 33 kilometres southeast of the town of Lake Charles in Cameron Parish, Louisiana. The oil accumulation, on the east flank of the Chalkley Field, is a previously unidentified down-dip oil leg associated with the gas field. Target participated in the successful drilling of the Pine Pasture #2 well in 2008.

Production from the Pine Pasture #2 well was stabilised in December 2008 at around 120 BOPD with 440 BWPD. This level has dropped off to an average of 90 BOPD (with 338 BWPD) over the reporting period largely as result of pump inefficiencies. It is expected that when the pump is upgraded (at the same time as the water disposal drilling occurs), oil production from the Pine Pasture #2 well will revert back to rates around 120 BOPD as seen previously.

On 1 April 2009, the operator, Centurion Exploration Company, merged into Cinco Natural Resources Corporation. Cinco has contracted Petro Resources Corporation to operate the property (Petro Resources has a 34.375% working interest in East Chalkley).

Petro Resources has confirmed that the drilling of the salt-water disposal well and the pump upgrade at PP#2 are expected to be underway in June. The operator has advised that it soon expects to issue an AFE and cash call for this first phase development work, estimated to be approximately US\$140,000 net to Target. The disposal well will substantially reduce operating costs for current and future producing wells in the field. Additional appraisal and/or development drilling will be scheduled after this program.

The progression of development planning for the field was delayed while the Centurion/Cinco merger - originally expected to be completed by 31 Dec 2008 - was underway. The conclusion of this process and the contracting of Petro Resources as operator are important steps which should ensure that momentum is regained in the development of this asset.

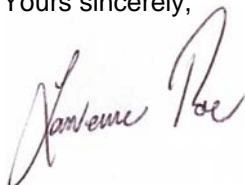
5. Current Indicative Drilling Schedule

Estimated Timing	Prospect/Field	Location	Target [^] Working Interest	Potential Recoverable Volumes*
May 2009	Snapper A-3	St Martin Parish, La	21.625% - 25%	0.3 mmBO; 4.3 Bcf
June 2009	East Chalkley	Cameron Parish, La	25%	SWD Well; PP#2 Workover
Q3/Q4 2009	East Chalkley	Cameron Parish, La	25%	2.4 mmBO
Q3 2009	Bayou Berard ST	St Martin Parish, La	15%	1 mmBO; 0.44 Bcf

**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*

For further information, please contact Laurence Roe on 08 9476 9000 or laurence.roe@targetenergy.com.au or contact the company at admin@targetenergy.com.au.

Yours sincerely,



Laurence Roe
Managing Director

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 Limited, who is a member of the Society of Exploration Geophysicists and has over 25 years experience in the sector. He consents to the reporting of that information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Target Energy Limited

ABN

73 119 160 360

Quarter ended ("current quarter")

31 March 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	391	1,501
1.2 Payments for		
(a) exploration and evaluation	(333)	(2,016)
(b) development	(186)	(317)
(c) production	(83)	(240)
(d) administration	(267)	(903)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	21	124
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(457)	(1,851)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	(24)	(89)
1.11 Loans repaid by other entities	19	94
1.12 Other (provide details if material)	-	-
Net investing cash flows	(5)	5
1.13 Total operating and investing cash flows (carried forward)	(462)	(1,846)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(462)	(1,846)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	3,391
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – share issue expenses	-	(239)
	Net financing cash flows	-	3,152
	Net increase (decrease) in cash held	(462)	1,306
1.20	Cash at beginning of quarter/year to date	4,787	2,480
1.21	Exchange rate adjustments to item 1.20	26	565
1.22	Cash at end of quarter	4,351	4,351

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.2 Aggregate amount of payments to the parties included in item 1.2	108
1.2 Aggregate amount of loans to the parties included in item 1.10	-

1.2 Explanation necessary for an understanding of the transactions

Directors' fees and salaries.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	836
4.2 Development	200
Total	1036

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	4,301	4,737
5.2 Deposits at call	50	50
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,351	4,787

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference *securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	104,321,170	104,321,170		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and Conversion factor)</i>	<i>Incentive Options</i>		<i>Exercise price</i>	<i>Expiry date</i>
	6,000,000 1:1	Nil	20 cents	30/06/2011
	62,812,164 1:1	62,812,164	25 cents	26/11/2009
	750,000 1:1	Nil	12 cents	7/8/2011
7.8 Issued during quarter	250,000 1:1	Nil	12 cents	7/8/2011
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

Compliance statement

+ See chapter 19 for defined terms.

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Company Secretary)

Date: 30 April 2009

Print name: Rowan Caren

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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